

CHARITABLE GIFT ANNUITY DEDUCTIONS (PER \$10,000 CONTRIBUTED)

Age	Payout Rate*	Deduction (5.0% AFR)	Age	Payout Rate*	Deduction (5.0% AFR)	Age	Payout Rate*	Deduction (5.0% AFR)
55	4.8%	\$3,231	70	6.3%	\$3,658	85	9.1%	\$5,260
56	4.9	3,201	71	6.4	3,758	86	9.3	5,434
57	4.9	3,314	72	6.6	3,774	87	9.5	5,610
58	5.0	3,296	73	6.7	3,895	88	9.7	5,786
59	5.1	3,286	74	6.8	4,025	89	9.9	5,961
60	5.2	3,284	75	7.0	4,078	90	10.1	6,286
61	5.3	3,291	76	7.2	4,146	91	10.1	6,373
62	5.4	3,307	77	7.4	4,228	92	10.1	6,600
63	5.4	3,453	78	7.6	4,324	93	10.1	6,813
64	5.6	3,366	79	7.8	4,433	94	10.1	7,013
65	5.7	3,409	80	8.1	4,485	95	10.1	7,199
66	5.8	3,462	81	8.3	4,621	96	10.1	7,373
67	5.9	3,523	82	8.5	4,767	97	10.1	7,533
68	6.1	3,485	83	8.7	4,923	98	10.1	7,681
69	6.2	3,567	84	8.9	5,090	99	10.1	7,818

*Payout Rates are rates recommended by the American Council on Gift Annuities. Charities historically have employed the Council's payout rates but may pay higher or lower rates. Deductions assume quarterly payments.

CHARITABLE REMAINDER ANNUITY TRUST DEDUCTIONS ONE-LIFE TRUST FUNDED WITH \$100,000 (5.0% AFR)

Age of Beneficiary	\$5,000 Payout	\$6,000 Payout	\$7,000 Payout	\$8,000 Payout	\$9,000 Payout
60	\$35,427	None*	None*	None*	None*
65	42,188	\$30,677	None*	None*	None*
70	49,667	39,604	None*	None*	None*
75	57,700	49,239	\$40,910	None*	None*
80	65,958	59,150	52,354	\$45,798	None*
85	73,957	68,748	63,539	58,360	\$53,347
90	80,854	77,025	73,196	69,368	65,561

*Annuity trusts are disqualified under the IRS's 5% probability test (Rev. Rul. 70-452, 1970-2 CB 199) if the probability that noncharitable beneficiaries will survive to the exhaustion of the trust fund exceeds 5%. Note that the deductions shown reflect quarterly payments and a 5.0% applicable federal rate (AFR). Lower AFRs increase the risk of failing the 5% probability test. The 5% probability test can be ignored if early termination language is included, pursuant to Rev. Proc. 2016-42.

TERM OF YEARS ANNUITY TRUST FACTORS (5.0% AFR)

Years	Annuity	Years	Annuity	Years	Annuity	Years	Annuity
1	0.9524	6	5.0757	11	8.3064	16	10.8378
2	1.8594	7	5.7864	12	8.8633	17	11.2741
3	2.7232	8	6.4632	13	9.3936	18	11.6896
4	3.5460	9	7.1078	14	9.8986	19	12.0853
5	4.3295	10	7.2717	15	10.3797	20	12.4622

Deductions for charitable remainder annuity trusts lasting for a term of years (maximum of 20 years) are computed under annuity factors found in Table B, IRS Pub. 1457, according to the "applicable federal rate." Using the tables above (5.0% AFR), a 12-year annuity trust making annual payments would have an annuity factor of 8.8633. If the trust is funded with \$100,000 and pays \$5,000 annually, the value of the income interest is \$5,000 x 8.8633, or \$44,317, and charity's remainder interest is \$55,683. (The computation must be adjusted slightly if payouts are other than annual; see Table K, IRS Pub. 1457.)

CHARITABLE LEAD TRUSTS: Deductions for charitable lead annuity trusts also are calculated with reference to Tables B and K, but the portion contributed is the income interest, not the remainder interest.

APPROXIMATE INCOME TAX DEDUCTIONS FOR TWO-LIFE ANNUITY TRUST FUNDED WITH \$100,000

Joint Beneficiaries (5.0% AFR)*

Deduction if Beneficiaries Receive					
Ages of Beneficiaries	\$5,000 Annually	\$6,000 Annually	\$7,000 Annually	\$8,000 Annually	\$9,000 Annually
65/65	\$31,398	\$17,780	None**	None**	None**
70/70	38,691	26,437	None**	None**	None**
75/75	46,971	36,365	None**	None**	None**
80/80	55,982	47,178	\$38,399	None**	None**
85/85	65,200	58,240	51,280	\$44,379	None**
90/90	73,636	68,363	63,091	57,819	\$52,591

*The deductions illustrated are only approximations. They are based on IRS tables employing a 5.0% AFR.

**Annuity trusts are disqualified under the IRS's 5% probability test (Rev. Rul. 70-452, 1970-2 CB 199) if the probability that noncharitable beneficiaries will survive to the exhaustion of the trust fund exceeds 5%. The 5% probability test can be ignored if early termination language is included, pursuant to Rev. Proc. 2016-42.

CHARITABLE REMAINDER UNITRUSTS (5.0% AFR)

Payout Rate/Percent of Gift Deductible						
Age	5.0%	6.0%	7.0%	8.0%	9.0%	10.0%
55	.30187	.24533	.20171	.16780	.14123	.12023
56	.31287	.25571	.21132	.17659	.14921	.12744
57	.32418	.26646	.22132	.18578	.15759	.13505
58	.33579	.27756	.23171	.19538	.16638	.14307
59	.34772	.28903	.24251	.20541	.17562	.15153
60	.35997	.30089	.25374	.21590	.18532	.16047
61	.37256	.31315	.26543	.22687	.19553	.16991
62	.38549	.32583	.27758	.23885	.20627	.17989
63	.39878	.33894	.29022	.25036	.21757	.19045
64	.41241	.35248	.30336	.26292	.22944	.20160
65	.42637	.36642	.31698	.27600	.24189	.21334
66	.44061	.38074	.33103	.28958	.25486	.22565
67	.45508	.39537	.34547	.30360	.26833	.23848
68	.46981	.41034	.36033	.31811	.28233	.25188
69	.48478	.42565	.37561	.33310	.29686	.26585
70	.50002	.44133	.39135	.34863	.31200	.28048
71	.51552	.45737	.40753	.36469	.32773	.29576
72	.53124	.47374	.42415	.38126	.34406	.31168
73	.54714	.49038	.44113	.39829	.36091	.32821
74	.56319	.50727	.45846	.41575	.37828	.34531
75	.57934	.52436	.47609	.43361	.39613	.36297
76	.59564	.54170	.49408	.45192	.41451	.38126
77	.61199	.55921	.51232	.47058	.43335	.40008
78	.62843	.57689	.53085	.48964	.45268	.41948
79	.64477	.59456	.54945	.50886	.47226	.43921
80	.66110	.61230	.56822	.52835	.49221	.45942
81	.67731	.63000	.58704	.54798	.51240	.47995
82	.69341	.64767	.60592	.56776	.53284	.50083
83	.70933	.66523	.62477	.58762	.55344	.52197
84	.72518	.68279	.64372	.60767	.57435	.54353
85	.74046	.69980	.66215	.62723	.59483	.56472
86	.75533	.71643	.68023	.64652	.61510	.58577
87	.76966	.73250	.69778	.66531	.63491	.60643
88	.78340	.74798	.71475	.68353	.65420	.62660
89	.79654	.76283	.73107	.70113	.67288	.64621

To calculate the approximate deduction for a transfer to a one-life charitable remainder unitrust, determine the age of the income beneficiary, then find the deductible percentage in the appropriate payout rate column. For example, a donor who establishes a unitrust paying 6% for the life of a 65-year-old beneficiary could deduct .36642 (36.642%) of the amount transferred in trust. A \$100,000 transfer would create a charitable deduction of \$36,642. The above tables assume an applicable federal rate of 5.0% (rates change every month) and quarterly payments to the beneficiary. For different applicable federal rates and payment frequencies, refer to Tables U and F, IRS Pub. 1458.

UNITRUST TERM OF YEARS REMAINDER FACTORS (5.0% AFR)

Number of Years	5.0%	6.0%	7.0%	8.0%	9.0%
1	.95150	.94180	.93210	.92240	.91269
2	.90535	.88698	.86880	.85081	.83301
3	.86143	.83536	.80981	.78479	.76029
4	.81965	.78673	.75482	.72388	.69391
5	.77990	.74094	.70356	.66771	.63333
6	.74207	.69782	.65579	.61589	.57803
7	.70608	.65720	.61126	.56809	.52575
8	.67183	.61895	.56975	.52401	.48151
9	.63925	.58293	.53106	.48334	.43947
10	.60824	.54900	.49500	.44583	.40110
11	.57874	.51704	.46139	.41123	.36608
12	.55067	.48695	.43006	.37932	.33412
13	.52396	.45861	.40086	.34988	.30495
14	.49855	.43192	.37364	.32273	.27833
15	.47436	.40678	.34826	.29769	.25403
16	.45136	.38310	.32462	.27458	.23185
17	.42946	.36080	.30257	.25327	.21161
18	.40863	.33980	.28203	.23362	.19313
19	.38881	.32003	.26288	.21549	.17627
20	.36996	.30140	.24503	.19877	.16088

The above deduction percentages assume quarterly payments and an applicable federal rate of 5.0%. For different AFR percentages and payout frequencies, see Tables D and F, IRS Pub. 1458.

CHARITABLE LEAD TRUSTS: Deductions for charitable lead unitrusts also are calculated with reference to Tables D and F, but the portion contributed is the income interest, not the remainder interest. Deduction percentages (factors) are complements of the remainder interest percentages shown above. For example, the income interest factor for a 20-year charitable lead unitrust paying 5% is equal to 1.0 minus the remainder interest factor of .36996, or .63004.

APPROXIMATE INCOME TAX DEDUCTIONS FOR TWO-LIFE UNITRUST FUNDED WITH \$100,000

Joint Beneficiaries (5.0% AFR)*

Ages of Beneficiaries	5.0% Annually	6.0% Annually	7.0% Annually	8.0% Annually	9.0% Annually
60/60	\$25,897	\$19,980	\$15,483	\$12,056	None**
65/65	32,001	25,713	20,733	16,781	\$13,637
70/70	39,157	32,700	27,382	22,995	19,368
75/75	47,309	40,960	35,534	30,890	26,909
80/80	56,209	50,292	45,059	40,428	36,323
85/85	65,340	60,167	55,452	51,151	47,226

*Deductions and factors shown are representative samples based on the use of a 5.0% applicable federal rate (AFR) and quarterly payments. Actual numbers may vary, based on the monthly midterm rate used. **Trust does not satisfy the 10% remainder requirement of Code §664(d)(2)(D).

FEDERAL INTEREST RATE (AFR) SELECTION

In valuing deferred gifts, donors may choose tables using the most favorable applicable federal rate (AFR, or \$7520 rate) from that in effect for the month of the gift or from either of the two months preceding the month of the gift. Rates (120% of the midterm rate) are published on or about the 20th of each month by the IRS and appear at <https://www.irs.gov/applicable-federal-rates>.

Elect highest rate available

- Charitable remainder annuity trust.
- Charitable remainder unitrust.
- Charitable gift annuity (for large deduction).
- Gift of remaining life estate in farm or personal residence.

Elect lowest rate available

- Charitable lead trusts.
- Gift of life income interest in charitable remainder trust.
- Charitable gift annuity (for large tax-free payout).
- Remainder interest in farm or personal residence.

CHARITABLE GIFT TECHNIQUES COMPARED

Technique Income Tax Deduction Special Considerations

Outright Gift of Cash or Long-Term Capital Gain Property Fully deductible in year of gift, up to 60% of donor's adjusted gross income (30% for long-term capital gain property). Five-year carryover for excess deductions.

Largest deductions; long-term capital gains tax avoided if appreciated property is contributed.

Charitable Remainder Annuity Trust Present value of charity's remainder interest (10% minimum) deductible in year of gift, based on age of income beneficiaries and unvarying dollar amount to be paid each year (see preceding tables). A 5% probability test limits maximum payouts generally to 5% or 6% when AFR is low unless trust is to last for a term of years.

Stable annuity income for life (5% minimum) for beneficiaries of donor's choice; capital gains tax avoidance; possible tax-free income from trust; estate tax savings; trustee handles investments; can last for life or term of years up to 20.

Charitable Remainder Unitrust Present value of charity's remainder interest (10% minimum) deductible, based on age of income beneficiaries and percentage of value of trust assets to be paid annually. Higher payouts (not exceeding 50%) possible than annuity trust because 5% probability test does not apply. See preceding tables to figure deductions.

Same benefits as the annuity trust (above) except that payout is a percentage of the changing value of the trust assets (possible hedge against inflation). Also, additional contributions are permitted, and donor may elect to have trust pay the unitrust percentage or actual trust income, whichever is LESS.

Charitable Gift Annuity Amount transferred to charity less the present value of annuity retained for the life of the annuitant(s). Deductions identical to those afforded by charitable remainder annuity trusts, but much lower amounts needed to fund gift. Higher deductions if payment deferred for several years.

Payouts based on age or ages of income beneficiary(ies). Maximum of two annuitants. If funded with appreciated property, capital gain is reduced and spread over donor/annuitant's life expectancy. Annuity income is partially tax-free. Higher payouts for deferred payment gift annuities.

Qualified Charitable Distributions From IRAs The owner of a traditional or Roth IRA can direct the custodian to make distributions directly to public charities. Transfers up to \$105,000 will be excluded from income. This exclusion is available to IRA owners over age 70½ but not to participants in other plans, such as 401(k) or 403(b) plans.

Distributions can satisfy required minimum distributions. A one-time election allows distributions of up to \$53,000 to fund split-interest gifts for the donor and/or spouse. Transfers to donor advised funds, private foundations or supporting organizations do not qualify.

Gift of Home or Farm With Reserved Life Estate Present value of charity's remainder interest in land and structures less depreciation on structures during donor/life tenant's remaining life expectancy. "Home" includes any personal residence, including vacation property, condos, etc. "Farm" includes ranchland, and just a few acres may be contributed.

Donors who intend to bequeath farms or homes to charity can accomplish the same result with this technique but receive a current income tax deduction and continue to use the farm or home for life. Life estate can be reserved for one or more lives. Can be arranged by will (possible estate tax savings).

Charitable Lead Trust Present value of charity's income interest (if donor is owner of trust under grantor trust rules, generally via reversion to grantor). Donor is taxed on trust income.

Lead trusts are usually created for a term of years, with heirs as remainder beneficiaries (generally, no income tax deductions but federal transfer tax savings). Trust is not tax-exempt.

The purpose of this publication is solely educational, namely to provide general gift, estate, financial planning, and related information. It is not intended as legal, accounting, or other professional advice, and you should not rely on it as such. For assistance in planning charitable gifts with tax and other implications, the services of appropriate and qualified advisors should be obtained. Consult an attorney for advice if your plans require revision of a will or other legal document. The figures in this publication are accurate as of January 2024. Any updates in tax laws hereafter may change the numbers and the validity and should be discussed with your advisors. Consult a tax and/or accounting specialist for advice regarding tax- and accounting-related matters. © Copyright MMXXIV by Sharpe Group. All Rights Reserved.

2024 Federal Tax Pocket Guide



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FEDERAL INDIVIDUAL INCOME TAX RATES

Single		Joint Returns & Surviving Spouses		Heads of Household		Married Filing Separately		
Col. 1	Individuals							
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%
11,600	1,160	12%					1,160	12%
16,550			2,320	12%				
23,200	5,426	22%					5,426	22%
47,150					7,241	22%		
63,100								
94,300			10,852	22%				
100,500					15,469	24%		
100,525	17,168.50	24%					17,168.50	24%
191,950	39,110.50	32%			37,417	32%	39,110.50	32%
201,050			34,337	24%				
243,700					53,977	35%		
243,725	55,678.50	35%					55,678.50	35%
365,600							98,334.75	37%
383,900			78,221	32%				
487,450			111,357	35%				
609,350	183,647.25	37%			181,954.50	37%		
731,200			196,669.50	37%				

INCOME TAX RATES ON ESTATES AND TRUSTS

Taxable Income		Tax on Col. 1	Rate on Excess
From (Col. 1)	To		
\$ 0	\$ 3,100	\$ 0	10%
3,101	11,150	310	24
11,151	15,200	2,242	35
15,201	Infinity	3,659.50	37

STANDARD DEDUCTIONS

	Single Individuals	Joint Return/ Surviving Spouses	Heads of Household	Married Filing Separately
Basic	\$14,600	\$29,200	\$21,900	\$14,600
Over 65	16,550	30,750 (one)	23,850	16,150
		32,300 (both)		
Blind	16,550	30,750 (one)	23,850	16,150
		32,300 (both)		
Over 65 & Blind	18,500	32,300 (one)	25,800	17,700
		35,400 (both)		

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 \$2,600. 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	\$232,600	\$ 0	26%
232,601	Infinity	60,476	28

An alternative minimum tax (AMT) is imposed on “alternative minimum taxable income” over the applicable exemption amounts of \$85,700 for single taxpayers and heads of household, \$133,300 for joint returns, \$66,650 for married people filing separately and \$29,900 for estates and trusts. Through 2025, phase-out thresholds are increased to \$1,218,700 (married filers and surviving spouses) or \$609,350 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 \$191,950 for single taxpayers and \$383,900 for joint filers.

FEDERAL GIFT TAX

Taxable Gift		Tentative Tax	
Col. 1	From To	Tax on Col. 1	Rate on Excess
\$	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 \$ 5,389,800
- 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 \$18,000 (\$36,000 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; \$17,000 for gifts in 2023.

Annual Exclusions \$18,000 per donee; \$36,000 per donee for married couples who “split gifts”; \$185,000 per non-citizen spouse. Payments of medical expenses and tuition payments also are excluded from federal gift tax [IRC §2503(e)]. Contributors to a qualified tuition program who exceed \$18,000 may elect to treat the gift as if it had been made over a five-year period—in effect allowing a \$90,000 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 \$185,000 is permitted for 2024. 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 \$5,389,800 gift tax credit shelters \$13,610,000 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 \$18,000; (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
\$13,610,000	Infinity	\$5,389,800	40%
(applicable exclusion amount)		(applicable credit amount)	

FEDERAL ESTATE TAX FORMULA

- Amount of taxable estate¹ \$ _____
- Aggregate of all post-1976 adjusted taxable gifts² + _____
- Sum of “A” and “B” \$ _____
- Tentative estate tax on “C” (see above) \$ _____
- Aggregate of all gift taxes paid on post-1976 gifts³ – _____
- 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) \$ _____

¹“*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—
 - (1) 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) \$18,000 (\$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; \$17,000 for gifts in 2023) per donee per year made by decedent (but not excluding any portions of joint gifts attributable to spouse)—plus
 - (2) 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.

²“*Adjusted taxable gifts*” means total amount of post-1976 taxable gifts [gross gifts less all available deductions including \$18,000 (\$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; \$17,000 for gifts in 2023) annual exclusion per donee (\$36,000 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).

³If 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 \$13,610,000 lifetime GST tax exemption in 2024, 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.
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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.

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.	Fair market value for gifts of publicly held stock for which market quotations are readily available, not to exceed 20% of donor’s adjusted gross income, with 5-year carryover. For all other gifts, reduce fair market value by 100% of long-term capital gain element if donee is private foundation.
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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.	Fair market value reduced by 100% of long-term capital gain element. 20%-of-AGI ceiling applies.
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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.