

# IRS Announces 2024 Tax Brackets, Updated Standard Deduction

Here's a rundown of changes to limits and thresholds on some well-known tax provisions for the 2024 tax year.

## Takeaways

- On Nov. 9, 2023, the IRS announced the annual inflation adjustments for the 2024 tax year.
- A handful of tax provisions, including the standard deduction and tax brackets, will see new limits and thresholds.
- These changes will apply to 2024 income, which is reported on tax returns filed in 2025.

Each year, the IRS makes updates to common tax provisions, such as the standard deduction, to ensure that certain parts of the tax code keep up with inflation.

These tweaks, also known as inflation adjustments, play a critical role in preventing a phenomenon known as "bracket creep." Without them, inflation has a greater chance of pushing taxpayers who received a cost-of-living raise into a higher tax bracket — potentially subjecting them to higher tax rates. High inflation meant a higher-than-usual adjustment of 7% across most of these tax provisions for tax year 2023. For some, this could translate to smaller tax bills when filing returns in April.

In 2024, the IRS says we'll see a roughly 5.4% increase. Although the adjustment is lower than last year's, it remains relatively high compared with annual increases of the past. This means some people may continue to see a tax benefit going into 2024.

Here's a look at how certain tax thresholds and credits will shift for the 2024 tax year, plus a comparison with 2023.

## Federal tax brackets and tax rates

In the U.S., there are seven federal tax brackets. The marginal rates — 10%, 12%, 22%, 24%, 32%, 35% and 37% — remain unchanged from 2023.

However, for the 2024 tax year, the IRS is making adjustments to many of the income thresholds that inform these brackets. This means that some people may be able to stay in a lower tax bracket and those who received a cost-of-living raise may avoid getting a portion of their income pushed into a higher bracket.

Married filers, for example, can make a maximum of \$94,300 to remain in the 12% bracket, compared with \$89,450 in 2023. This increase means that, in 2024, some couples may be able to shelter an additional almost \$5,000 from a higher tax rate.

## 2023 vs. 2024 tax brackets: Married filing jointly

2023	2024
10%: \$0 to \$22,000.	10%: \$0 to \$23,200.
12%: \$22,001 to \$89,450.	12%: \$23,201 to \$94,300.
22%: \$89,451 to \$190,750.	22%: \$94,301 to \$201,050.
24%: \$190,751 to \$364,200.	24%: \$201,051 to \$383,900.
32%: \$364,201 to \$462,500.	32%: \$383,901 to \$487,450.
35%: \$462,501 to \$693,750.	35%: \$487,451 to \$731,200.
37%: \$693,751 or more.	37%: \$731,200 or more.

## 2023 vs. 2024 tax brackets: Single filers

2023	2024
10%: \$0 to \$11,000.	10%: \$0 to \$11,600.
12%: \$11,001 to \$44,725.	12%: \$11,601 to \$47,150.
22%: \$44,726 to \$95,375.	22%: \$47,151 to \$100,525.
24%: \$95,376 to \$182,100.	24%: \$100,526 to \$191,950.
32%: \$182,101 to \$231,250.	32%: \$191,951 to \$243,725.
35%: \$231,251 to \$578,125.	35%: \$243,726 to \$609,350.
37%: \$578,126 or more.	37%: \$609,351 or more.

## Standard deduction

The IRS lets most filers lower their taxable by either taking the standard deduction or by itemizing on their returns. The standard deduction, a flat amount that is based on filing status, is popular among most people, as it requires less work to claim and is often more beneficial for those who might not have deductible expenses.

For the 2024 tax year, the standard deduction will increase by \$750 for single filers and those married filing separately, \$1,500 for married filing jointly, and \$1,100 for heads of household.

Filing status	Standard deduction 2023	Standard deduction 2024
Single	\$13,850.	\$14,600.
Married, filing jointly	\$27,700.	\$29,200.
Married, filing separately	\$13,850.	\$14,600.
Head of household	\$20,800.	\$21,900.

## What else will change for tax year 2024?

Also included in the IRS' 30-page inflation release are various changes to several tax provisions beyond the federal tax brackets.

Here's a look at how some other common tax rules will change in 2024.

### *Gift tax exclusion*

The annual exclusion for gifts, which limits how much taxpayers can give an individual without filing a gift tax return on certain gifts, will increase to \$18,000 per person in 2024, up \$1,000 from 2023.

### *Estate tax exclusion*

The estate tax exclusion establishes a threshold for the taxation of estates upon a wealthy person's death. In 2024, estates valued at or below \$13.6 million will not be subject to estate tax, up from \$12.92 million in 2023.

### *HSAs and FSAs*

Starting in 2024, taxpayers who contribute to a health flexible spending account, or FSA, can contribute up to \$3,200 and, if permissible by their plan, will be able to carry over up to \$640 into the next tax year. For those with health savings accounts, the 2024 limit for annual contributions will rise to \$4,150 for self-coverage and \$8,350 for family coverage.

### *Earned Income tax credit*

The earned income tax credit, a refundable tax credit for low- and moderate-income workers, will also see a bump in 2024. The total credit amount depends on income and the number of children — but people without kids can still qualify. For 2023, the earned income credit ranges from \$600 to a maximum of \$7,430. In 2024, the credit will increase to a maximum of \$7,830 for qualifying taxpayers with three or more children.

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