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Inflation Adjustments for 2024: Key Information for International Private Client Practitioners

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The IRS recently released its inflation adjustments for 2024. International private client practitioners should note the following:

US Estate and Gift Tax Exclusion Amount: \$13,610,000 (up from \$12,920,000)

- *Planning Observation: The exclusion amount is available only to US citizens and US domiciliaries. Foreign individuals receive only a \$60,000 exemption for US estate tax purposes (but not US gift tax purposes).*

Gift Tax Annual Exclusion Amount: \$18,000 (up from \$17,000)

- *Planning Observation: The annual exclusion is available to both US and non-US clients and applies on a per-donee basis (regardless of the nationality of the donee); however, the annual exclusion is available only for gifts of present interests.*

Special Annual Exclusion for Gifts to Non-Citizen Spouses: \$185,000 (up from \$175,000)

- *Planning Observation: The increased annual exclusion is based on the nationality of the donee spouse, not the donor spouse, and the unlimited marital deduction is available only in the case of a donee spouse who is a US citizen. Accordingly, transfers to a spouse who is a green card holder do not enjoy the benefit of an unlimited marital deduction.*

Expatriation Items: \$866,000 gain exclusion amount (up from \$821,000) and \$201,000 average annual net income tax threshold (up from \$190,000)

- *Planning Observation: Covered expatriates face substantial US tax and reporting requirements. Even if no income tax is owed under the exit tax rules (e.g., because there is less than \$866,000 in realized gain), there could still be significant US tax issues to deal with in the future for US persons who receive property from a covered expatriate via gift or bequest.*

Behind these numbers lie intricate tax rules and reporting requirements for international private clients, with potential pitfalls at every turn. Always discuss planning options in advance with qualified US tax counsel.

Related People



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