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them.

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By Anthony Martin, Kiplinger Consumer News Service (TNS)

The passing of a loved one is always a difficult burden to bear—physically, emotionally, mentally and monetarily.

Most, if not all, of the time, death and passing come as a surprise, with family members left behind having to carry the burden of shouldering funeral expenses, which often come at a costly price, especially in the absence of burial insurance.

To lessen the burden caused by the funeral costs, many often ask about the tax

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since 2016. Meanwhile, cremation costs \$6,971, recording a rise of 11.3% in the same period.

The skyrocketing prices of funeral expenses have pushed many people to consider the **cost of burial insurance** to cover funeral and cremation expenses in the event of an untimely death.

Without burial insurance, loved ones left behind are burdened with paying for these costs. This is why it is not surprising that it is often asked whether individuals can include funeral expenses paid in their itemized deductions to reduce their annual tax burden.

Who can and cannot deduct funeral expenses?

An individual person who shoulders full or part of a deceased person's funeral expenses **cannot** claim funeral or burial expenses on their individual itemized deductions as part of Schedule A of Form 1040, according to the [IRS](#).

Instead of an individual, only funeral expenses **paid out of the estate** (the funeral costs are paid by the estate of the decedent, and not just any single individual) are instead tax-deductible against the decedent's gross estate to determine the net taxable estate and corresponding estate taxes, subject to a threshold.

Simply put, individuals cannot claim tax deductions on funeral expenses paid out of their own pocket, and only the deceased's estate can benefit from the allowable tax deductions on funeral expenses.

It's important to remember that funeral expenses are tax-deductible items specific to the estate (gross value of the properties) of a deceased person.

The reason why this is only tax-deductible to the estate, and not for individuals, is

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The fact of the matter is that funeral expenses are very expensive, whether they are deductible or not. Bleeding out cash for an unforeseen event like a funeral is most likely to hurt your savings and emergency fund.

However, there are certain things you can do to help you ease the burden of funeral expenses, such as:

- **Burial insurance.** Also known as final expense insurance, burial insurance helps cover the costs of a person's death, particularly funeral arrangements, burial costs, medical bills, outstanding debts, etc., by paying monthly premiums that can be claimed by the beneficiary upon a person's death.
- **Prepaid funeral plans.** You can directly make a prepayment, or advance payment, to a funeral home for prepaid funeral plans, either in full or in monthly installments.
- **Funeral funds.** If you don't want burial insurance or to pay directly to a funeral home in advance, you can set up a separate funeral fund that your loved ones can access at the time of your death. You can set up an auto-debit from your savings account, or commit to deposit a specific amount every payday at your own discretion.

Funeral expenses as tax-deductible items from the gross estate

An estate is a dead person's property and net worth at the time of his death. This can include assets, legal rights, real estate, investments, bank accounts, savings—basically anything the deceased person legally owns.

Before a funeral expense can be tax deductible against a deceased person's gross

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only when the deceased person's estate pays the funeral expenses.

In addition, the IRS requires the following funeral expenses to be "reasonable and necessary" before they are allowed as tax deductions:

- Casket or urn
- Burial plot
- Embalming or cremation
- Green burial services
- Tombstone or gravestone
- Funeral home costs
- Costs for arrangements during funeral service, including meals, catering, flower arrangements, etc.
- Transportation of the person taking the deceased's body to the burial place
- Religious service fees
- Unreimbursed final medical fees

Meanwhile, non-deductible funeral costs are those that are not necessary, like transportation costs of funeral guests and family members, which are considered personal expenses and costs paid by a burial insurance claim.

If you are the executor or administrator of the estate, keeping all the necessary receipts and documentation on all funeral expenses can help substantiate an estate's claims on funeral expenses and potential litigation cases.

Which form do you use to claim funeral expenses as tax deductions?

Instead of Form 1040, funeral expenses are allowable deductions to be included and itemized in [Form 706](#) for estate tax returns under Schedule J: Funeral Expenses and

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