

Hello. It looks like you're using an ad blocker that may prevent our website from working properly. To receive the best experience possible, please make sure any blockers are switched off and refresh the page.

If you have any questions or need help you can email us

income taxpayers. More good news: A total of at least nine states are revising ...

Nov. 03, 2016



Good news: The IRS has announced that the federal estate tax exemption, which is indexed annually for inflation, is being bumped up from \$5.45 million for decedents dying in 2016 to \$5.49 million in 2017 (Rev. Proc. 2016-55, 2016-45 IRB, 10/25/2016).

Because the exemption is available to each individual and portable between estates

Hello. It looks like you're using an ad blocker that may prevent our website from working properly. To receive the best experience possible, please make sure any blockers are switched off and refresh the page.

If you have any questions or need help you can email us

- Dating back to the near the start of the century, New Jersey hasn't changed its estate tax exemption from the rock-bottom figure of \$675,000. Now a new law will increase the exemption to \$2 million in 2017 before repealing it completely in 2018. But a state inheritance for non-lineal heirs will remain.
- Several other states are gradually boosting estate tax exemptions. In Maryland, the exemption is increasing from \$2 million in 2016 to \$3 million in 2017 and then again to \$4 million in 2018. Similarly, it goes from \$1.6 million to \$1.8 million to \$2 million in Minnesota. For New Yorkers, the current exemption of \$4,817,500 jumps to \$5.25 million effective April 1, 2017, before aligning with the federal estate tax exemption on January 1, 2019.
- Rhode Island, with a current exemption of \$1.5 million, and Washington, currently set at \$2.079 million, are scheduled to to index their exemption amounts for inflation in 2017. Those figures haven't been announced yet.
- A handful of steps remain in lockstep with the federal government. Delaware, Hawaii and Maine will provide an exemption of \$5.49 million in 2017, up from \$5.45 million in 2016.
- Finally, Washington D.C. will raise its \$1 million exemption to \$2 million before matching the federal exemption amount, but only if it generates a surplus of tax revenue. So far, it doesn't appear likely to happen next year.

Based on these changes, clients may want to revisit their wills, especially if they include provisions based on the estate tax exemption for the state where they reside. For example, a typical formula used in wills of New Jersey residents reflects the estate tax exemption for amounts transferred to children. Under the new state law, a child may be in line to receive a higher amount under such a formula, thereby effectively

reducing the bequest to a spouse. Revisions may be required to offset other quirks in

Hello. It looks like you're using an ad blocker that may prevent our website from working properly. To receive the best experience possible, please make sure any blockers are switched off and refresh the page.

If you have any questions or need help you can email us

CPA Practice Advisor is registered with the National Association of State Boards of Accountancy (NASBA) as a sponsor of continuing professional education on the National Registry of CPE Sponsors.

© 2024 Firmworks, LLC. All rights reserved