



Tax, Trusts and Estates Update

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SIGNIFICANT CHANGES TO NEW JERSEY ESTATE TAX LAW

On October 14, 2016, as part of sweeping legislation which increases the gas tax, increases the gross income tax exclusion and decreases the State sales tax, P.L.2016, c.57 increases New Jersey's estate tax exemption from \$675,000 to \$2,000,000 for New Jersey residents who die on or after January 1, 2017. The legislation further provides that, as of January 1, 2018, the New Jersey Estate Tax will be eliminated. Therefore, until December 31 of this year, a New Jersey estate tax may be imposed on the estates of resident decedents whose gross estate plus adjusted taxable gifts is in excess of \$675,000 and in calendar year 2017, a New Jersey estate tax may be imposed on the estates of resident decedents whose gross estate plus adjusted taxable gifts is in excess of \$2,000,000.

If your estate planning documents require the funding of a credit shelter trust in contemplation of the current exemption amount, we recommend that you revisit your estate plan to ensure that your documents will continue to work as you intend. Estate planning documents with flexibility are prudent in this interim period, so that your designated fiduciary, in consultation with financial and legal professionals, may make informed estate and income tax savings decisions at the appropriate time.

New Jersey's Inheritance Tax laws have not been revised by this legislation. Therefore, any portion of an estate passing to anyone other than a spouse, parent or lineal descendant, or a qualified charity, will be subject to inheritance taxes at rates ranging from 11% to 16%. Nonresidents who own property in New Jersey will be subject to Inheritance Tax.

If you would like to discuss your estate plan in light of this change to the New Jersey Estate Tax law, please contact [Nino A. Coviello](#), [Jane L. Brody](#) or [Mary Joan S. Kennedy](#).

Disclaimer

This Alert is for informational purposes only to keep you aware of developments in the law. It should not be relied upon as legal advice applicable to any specific situation.

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