

New York State Estate Tax Alert

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Effective April 1, 2017 the New York State "applicable exclusion amount" (the amount of one's taxable estate tax can pass free of NYS estate tax) increases to \$5,250,000 – an increase of \$1,062,500 from the previous amount.

On January 1, 2019 another adjustment will be made to the NYS applicable exclusion amount so that it equals the federal Estate Tax exemption which is currently \$5,450,000 and is indexed for inflation. Thereafter, the NYS applicable exclusion amount will be adjusted annually so that it continues to equal the Federal amount.

Even though the estate tax exemption amounts for federal and NYS purposes will eventually be the same, there remain a number of significant differences between the application of the two tax regimens which continue to require complex estate and tax planning in order to minimize and defer the impact of such taxes.

With the increase in the estate tax exemptions for both federal and New York State purposes a number of additional planning ideas and techniques have become more important. In particular, designing your estate plan in order to take advantage of the so-called "step-up in basis" at death may provide significant income tax savings to your family without generating an estate tax.

If you have any questions about this tax law change or any estate planning issues, please feel free to contact the attorney you typically work with in our office or any of the members of our Estate Planning and Wealth Preservation Practice Group.