

2023 TRANSFER TAXES

	Federal	New York	New Jersey	Connecticut
Estate Tax	Yes	Yes	No	Yes
Inheritance Tax	No	No	Yes	No
Gift Tax	Yes The gift tax exclusion amount remains at \$17,000/person/year.	No Until December 31, 2025, certain gifts made within three years of death are clawed back into the taxable estate.	No	Yes
Generation Skipping Transfer Tax	Yes	No	No	No
Basic Exclusion Amount (BEA)	\$12,920,000 (\$24.12 million/couple) Annual cost of living adjustment based on Chained-CPI, which will expire on 12/31/2025 and revert to 2014 levels, as adjusted by the CPI.	\$6,580,000 The above is effective through 12/31/2023. Annual cost of living adjustment based on Federal 2014 index.	N/A	\$12,920,000 1/1/2023 = Federal exemption amt. \$9,100,000 Effect.thru12/31/2022
Inheritance, Estate and/or Gift Tax Brackets and Tax Rates	<u>Lowest:</u> \$0-\$10,000 @ 18% <u>Highest:</u> Over \$1,000,000 @ 40% Note: tax is on the gross taxable less deductions and plus taxable gifts. From this tentative tax certain credits, gifts taxes paid, and the BEA tax equivalent is subtracted.	<u>Lowest:</u> \$0-\$500,000 @ 3.06% <u>Highest:</u> Over \$10,100,000 @ 16%	<u>Based upon Heir's relationship to Decedent</u> Class A - surviving spouse, civil union partner, parents, children, grandchildren and stepchildren = exempt; no inheritance tax Class B – eliminated = n/a Class C – brother, sister, son/daughter-in-law and civil union partners of children = over \$25,000 @ 11% - 16% (after built-in exemptions) Class D – niece, nephew, aunt, uncle, step-	<u>Lowest:</u> on taxable estate over BEA @ 10% in 2020, 10.8% in 2021, and 11.6% in 2022. In 2023 and beyond there is a single rate of 12% <u>Highest:</u> 12% <u>CAP</u> As of 2021, decreased to \$15 million from \$20 million. This is the estate tax on estates of \$129,000,000.

			grandchild(ren), friend, non-relative = 15% - 16% Class E – charitable institutions = exempt; no inheritance tax	
Portability	Yes	No	No	No
Special Considerations	TCJA sunsets on December 31, 2025. As a result, the Federal exemption will revert to \$5,000,000 as adjusted for inflation, which is expected to bring it to \$7,000,000 as of January 1, 2026. This is a major reduction from the present Federal exemption amount of \$12,920,000.	‘Cliff’ remains which eliminates the BEA for taxable estates that exceed 105% of the State’s BEA As of 4/1/2019, NYS requires a NY QTIP election be made directly on a NY return; a federal proforma return is no longer sufficient.		The phase-in of CT’s increased exemption amount is from 2019-2023 and may sunset with the federal law at the end of 2025. -----

Many of my clients are making large gifts to take advantage of the Federal Lifetime Exemption amount (currently \$12,920,000) before it is reduced roughly in half as of January 1, 2026 (when the TCJA law “sunsets”). Therefore, it is important to note that New York will include in the State’s gross estate, taxable gifts under IRC §2503 that were made during the preceding three-year period ending on the decedent’s date of death and that was not already included in the decedent’s Federal gross estate. However, a gift is not included if it was made:

- When the decedent was not a resident of New York State;
- Before April 1, 2014;
- Between January 1, 2019 and January 15, 2019; or
- That is real or tangible personal property having an actual situs outside New York State at the time the gift was made.

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January 2023

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