Significant Changes to New York Estate Tax Exemptions

April 3, 2014 | **CLIENT ALERTS**

April 3, 2014 –Effective April 1, 2014, it became significantly less expensive for many New Yorkers to die.

Part of the $140 billion state budget that was passed March 31 includes much-needed reform to New York's estate tax laws.

The exemption was doubled from $1 million to $2 million (effective immediately) and will increase incrementally, eventually reaching $5.25 million by April 1, 2017.

On January 1, 2019, the exemption will rise to whatever the federal estate tax exemption is at the time, indexed each year for inflation. The state's top tax rate will remain at 16 percent.

The good news is, New York State just gave taxpayers one less reason to take up permanent residence in the Sunshine State – assuming you can get over the snow including the occasional Polar Vortex.

While this is a major step toward state estate tax reform, there is still work to be done to eliminate the incentive for high-income residents to flee New York.

New York remains one of only 17 states with either an estate tax or an inheritance tax that has not yet adopted portability between spouses. However, the increased exemption and a continued eye on tax reform should help keep more wealth in New York State.

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