

## OF INTEREST

# Proposed Change to New York Estate Tax May Warrant Action by New York Residents Before April 1

March 6, 2014

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Governor Andrew Cuomo's recently released budget bill proposes a number of significant changes to New York tax law. One such change would, in effect, reinstate a New York gift tax by increasing a decedent's New York gross estate by the amount of any taxable gifts made after March 31, 2014, if the decedent was a New York resident at the time the gift was made. Currently, New York does not have a gift tax, and gifts made by New York residents (even deathbed gifts) are not subject to New York estate tax when the donor dies.

If the budget proposal becomes law, then taxable gifts made by New York residents on or after April 1, 2014 will be subject to New York estate tax upon the donor's death if such gifts, when added to the donor's taxable estate, exceed the New York estate tax exemption in effect at the donor's death. **Although the proposed budget has not been approved by the state legislature, New York residents who have not fully used their Federal gift and generation-skipping transfer ("GST") tax exemption amounts may wish to make gifts of their remaining exemption amounts by March 31, 2014.** As a reminder, the Federal estate, gift and GST tax exemption amounts are currently \$5,340,000 for individuals and \$10,680,000 for married couples.

The budget bill contains several other noteworthy changes to New York tax law, including modifications to the taxation of certain trusts and New York resident trust beneficiaries, as well as an increase in the New York estate tax exemption

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amount and a decrease in the New York estate tax rate. We will provide additional details as the legislative process continues.

If you have any questions or would like to discuss your particular situation in further detail, please call or email us at the numbers and addresses listed below.

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