



Minnesota Estate Tax Relief

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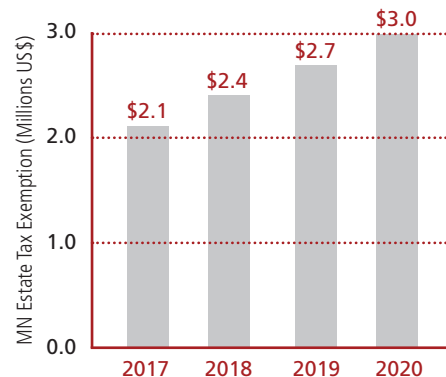
The recent Minnesota legislative session ended with new laws that benefit persons who die as residents of Minnesota or with property subject to Minnesota estate tax.

Residency Determination.

The Minnesota Department of Revenue and the courts have a list of factors that they consider in determining where a person resides for tax purposes. They include the number of days spent in Minnesota in a year, where one owns or leases a home, where one votes, etc. These factors used to include such things as where the person's advisors were located and the location of charities to which the person donates.

These last factors came under significant criticism as one may have lived and worked in Minnesota their entire life, been well established with their advisors, donated to

favorite Minnesota charities, and then moved to a southern state in retirement to get away from Minnesota winters. In moving to a warmer climate, the person had no intention of changing his or her trusted advisors or to discontinue donating to favorite Minnesota charities.



Effective on January 1, 2017, Minnesota law was changed to provide that in determining

residency the Minnesota Department of Revenue and the courts can no longer consider:

1. Location of the person's attorney, certified public accountant, or financial advisor.
2. The financial institution where the person maintains accounts or applies for credit.
3. Charitable contributions made within or without the State of Minnesota.

Minnesota Estate Tax Exemption.

Minnesota has increased the estate tax exemption available to persons dying either as a resident of Minnesota or with property subject to Minnesota estate tax. Effective for persons dying in 2017, the exemption has increased by \$300,000 to \$2.1 million, and will increase by \$300,000 per year to \$2.4 million in 2018, \$2.7 million in 2019, and

\$3.0 million in 2020. This increase in the estate tax exemption could mean Minnesota estate tax savings of as much as \$48,000 per \$300,000 increase in the exemption. The savings will depend on the size of one's taxable estate.

Individuals with taxable estates of less than the new increased exemption amount will not be required to file an estate tax return with the State of Minnesota.

Governor Dayton has, however, made it well known that he wants to "pull back" some of the \$650 million in tax cuts that were passed, and one of those cuts includes this increase in the Minnesota estate tax exemption. At least for now, the new increase in the estate tax exemption remains the law in Minnesota.

Please contact your Moss & Barnett attorney for more information.



Nancy Kiskis is a member of our wealth preservation and estate planning team. She counsels clients in planning for death and incapacity, tax planning (specifically income, gift, and estate taxes), and charitable giving, as well as succession planning. She has personal and professional experience in working with families affected by Alzheimer's disease and dementia.

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