

Estate Planning Alert: Minnesota Gift/ Estate Tax

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Less than a year after the Minnesota gift tax was adopted, the Minnesota Legislature has repealed the contentious Minnesota gift tax law retroactive for taxable gifts made after June 30, 2013. Governor Dayton signed the bill on March 21, 2014.

This bill also increases the Minnesota estate tax exemption amount from \$1 million to \$1.2 million in 2014, \$1.4 million in 2015, \$1.6 million in 2016, \$1.8 in 2017 and \$2 million in 2018.

Notably absent from this bill is a repeal of the law that subjects real estate and tangible personal property located in Minnesota and held by a non-resident of Minnesota in a pass-through entity to Minnesota estate tax. Instead, the bill clarifies the law to exclude publicly-traded entities owning Minnesota real and personal property. Thus, Minnesota real estate held in a LLC which is owned by a non-resident will continue to be subject to Minnesota estate tax.

We encourage you to consult with your advisor about these important changes in Minnesota law.

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