

Table 18.1—State transfer tax systems in the Northeast, 2008

State	Estate	Inheritance	Gift	Generation-skipping
Connecticut	X ^a	X ^{a,b}	m	—
Delaware	X ^c	—	n	—
Maine	X ^d	—	—	—
Maryland	X ^e	X ^e	—	X ^p
Massachusetts	X ^f	—	—	X ^p
New Hampshire	X ^c	l	—	—
New Jersey	X ^g	X ^g	—	—
New York	X ^h	—	o	X ^p
Pennsylvania	X ⁱ	X ⁱ	—	—
Rhode Island	X ^j	—	—	X ^p
Vermont	X ^k	—	—	X ^q
West Virginia	X ^c	—	—	—

Sources: CCH Financial Planning Toolkit. <http://www.finance.cch.com/text/c50s15d170.asp>. [Date accessed: September 11, 2008]. Bankrate.com State Tax Roundup. http://www.bankrate.com/brm/news/news_taxes_home.asp. [Date accessed: September, 11, 2008]. Other sources as indicated in footnotes.

^a Connecticut levies a unified estate and gift tax which is decoupled from Federal provisions, plus an inheritance tax. The unified estate and gift tax, effective January 1, 2005, is a graduated tax with an exclusion amount of \$2 million. Donors of gifts must file a gift tax return even if no gift tax is due and estate representatives must file an estate tax return even if no estate tax is due. The inheritance tax is a layered tax under which the rate varies according to a beneficiary's relation to the decedent. Connecticut Department of Revenue Services. <http://www.ct.gov/drs/cwp/view.asp?A=1514&Q=304232>. [Date accessed: September 11, 2008].

^b Connecticut repealed its succession tax effective for estates of decedents dying after December 31, 2004.

^c The State levies an estate tax equal to the maximum Federal credit for State transfer taxes allowed under IRC section 2011. Under the phase-out of the Federal credit put in place by the EGTRRA, the tax dropped to \$0 for estates of decedents dying after December 31, 2004.

^d Maine has decoupled its estate tax from Federal estate tax provisions. The tax applies to estates of decedents dying after December 31, 2002. It equals the maximum Federal credit for State transfer taxes allowed under IRC section 2011 as of December 31, 2001, but recognizing an exclusion amount of \$1 million. Representatives of smaller estates must file a return if the estate is going through probate or contains real property.

^e Maryland levies an estate tax which is decoupled from Federal estate tax provisions, plus an inheritance tax. The estate tax applies to estates of decedents dying after December 31, 2000. It equals the maximum Federal credit for State transfer taxes allowed under IRC section 2011 as of January 1, 2001, but recognizing an exclusion amount of \$1 million. The inheritance tax is a flat 10-percent levy on property passing to non-exempt individuals.

^f Massachusetts has decoupled its estate tax from Federal estate tax provisions. The tax applies to estates of decedents dying after December 31, 2002. It equals the maximum Federal credit for State transfer taxes allowed under IRC section 2011 as of December 31, 2000, but recognizing an exclusion amount of \$1 million. Massachusetts Department of Revenue. <http://www.mass.gov/Ador/docs/dor/Publ/PDFS/estate08.pdf>. [Date accessed: September 11, 2008].

^g New Jersey levies an estate tax which is decoupled from Federal estate tax provisions, plus an inheritance tax. The estate tax is the lesser of the maximum Federal credit for State transfer taxes allowed under IRC section 2011 as of December 31, 2001, or an amount determined using the State Simplified Tax System. The inheritance tax, effective July 10, 2004, is a graduated tax on property with a value of \$500 or more passing to non-exempt individuals. The New Jersey Domestic Partnership Act includes surviving domestic partners of decedents dying after July 9, 2004, as exempt individuals for inheritance tax purposes.

^h New York has decoupled its estate tax from Federal estate tax provisions. The tax equals the maximum Federal credit for State transfer taxes allowed under IRC section 2011 as of July 22, 1998.

ⁱ Pennsylvania levies an estate tax equal to the maximum Federal credit for State transfer taxes allowed under IRC section 2011, plus an inheritance tax. Under the phase-out of the Federal credit put in place by EGTRRA, the estate tax dropped to \$0 for estates of decedents dying after December 31, 2004. The inheritance tax is a layered tax under which the rate varies according to a beneficiary's relation to the decedent.

^j Rhode Island has decoupled its estate tax from Federal estate tax provisions. The tax equals the maximum Federal credit for State transfer taxes allowed under IRC section 2011 as of January 1, 2001.

^k Vermont has decoupled its estate tax from Federal estate tax provisions. The tax applies to estates of decedents dying after January 1, 2002, and equals the maximum Federal credit for State transfer taxes allowed under IRC section 2011 as of January 1, 2001.

^l New Hampshire repealed its Legacy and Succession Tax effective for decedents dying after December 31, 2002.

^m Connecticut replaced its gift tax with a unified estate and gift tax effective after December 31, 2004. Connecticut Department of Revenue Services. <http://www.ct.gov/drs/cwp/view.asp?A=1514&Q=304232>. [Date accessed: September 11, 2008].

ⁿ Delaware repealed its gift tax effective January 1, 1998. Delaware Division of Revenue. http://revenue.delaware.gov/information/tims/Gift_Tax.shtml. [Date accessed: September 11, 2008].

^o New York repealed its gift tax effective January 1, 2000. New York State Department of Taxation and Finance. http://www.tax.state.ny.us/forms/prvforms/gift_tax_1983_1999.htm. [Date accessed: September 11, 2008].

^p The State levies a generation-skipping tax equal to the maximum Federal credit for State generation-skipping transfer taxes allowed under IRC section 2604. Under the phase-out of the Federal credit put in place by EGTRRA, the tax dropped to \$0 after December 31, 2004.

^q Vermont has decoupled its generation-skipping tax from Federal generation-skipping transfer tax provisions. Effective January 1, 2005, Vermont levies a tax on all such transfers equal to the maximum Federal credit for State generation-skipping transfer taxes allowed under IRC section 2604 as of January 1, 2001.