

Massachusetts Estate Tax Changes

Description

By Neil Smola

Governor Maura Healey signed a tax relief package into law on October 4, 2023, making changes to how the Massachusetts estate tax is calculated.

The new law doubles the Massachusetts estate tax exemption from \$1 million to \$2 million. The new law also removes the so-called “estate tax cliff” so that only the amounts in excess of \$2 million will be taxed, not the entire value of the taxable estate. Under the previous law, the entire value of the taxable estate would be subject to the estate tax, not just the amount in excess of the exemption. This was known as the “estate tax cliff.” Under the current law, the first \$2 million of the taxable estate will escape taxation in its entirety. Only the amount in excess of \$2 million will be taxed on a graduated scale, with rates beginning at 7.2% and maxing out at 16% for taxable estates in excess of \$11 million. The new law eliminates this cliff by providing a tax credit of \$99,600 to cover the amount of the tax on the first \$2 million of the taxable estate. In contrast to the Federal estate tax exemption, the Massachusetts estate tax exemption is not indexed for inflation.

The new law is retroactive and affects estates for individuals dying on or after January 1, 2023. Where an estate tax return was filed in 2023 for decedents dying after January 1st with estates valued over \$1 million, but under \$2 million, personal representatives may need to amend the return and seek an abatement from the Department of Revenue.

Estate planning documents previously drafted by Partridge Snow & Hahn LLP include flexible provisions that automatically account for the changes made by this new law. However, if you feel like this new law may affect you, please contact a member of our team to discuss the law’s impact on your specific estate plan.

[Partridge Snow & Hahn](#) is here to guide you through the advice necessary to address the complex legal needs unique to your situation.

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