

## Massachusetts Estate Tax Changes

On October 4, 2023, Governor Healey signed important tax legislation that increased the Massachusetts estate tax exemption from \$1 million to \$2 million. The exemption is effective for anyone dying on or after January 1, 2023.

Significantly, the bill eliminates the “cliff” of the Massachusetts estate tax, which resulted in residents with taxable estates in excess of \$1 million paying estate taxes on all of their assets, not merely the portion in excess of \$1 million. Under the new bill, only the portion of the estate that exceeds \$2 million will be taxed. Assets in excess of \$2 million will be taxed at a graduated rate between 8% and 16%.

### What This Mean for You:

- If your estate is under \$2 million at the time of your death, your estate will not be required to file a Massachusetts estate tax return.
- If your estate is over \$2 million, you are married, and you and your spouse have existing revocable trusts designed to minimize estate taxes, it is important to fund each trust with at least \$2 million prior to your death.
- If you are married, your estate is in excess of \$2 million, and you do not have trusts established to minimize estate taxes, we recommend contacting our firm to discuss your estate planning.

### What The New Tax Law Does Not Include:

- The new tax law does not include “portability”, which is available under the federal estate tax laws. A surviving spouse in Massachusetts is not entitled to use the portion of the Massachusetts estate tax exemption that was unused at the death of the first spouse. It is important for married clients to review the ownership of assets to ensure that each revocable trust has sufficient assets to maximize the \$2 million exemption.
- The new legislation does not include an automatic phased-in increase to the \$2 million exemption, and it is not indexed for inflation.

We recommend consulting with your accountant about the numerous income tax changes that are contained in the legislation.

If you have any questions regarding your estate plan, please do not hesitate to contact attorney Kelly Gill at [kgill@belcherfitzgerald.com](mailto:kgill@belcherfitzgerald.com).