

## **New Jersey Estate Tax Repealed**

On October 14, 2016, Governor Christie signed legislation repealing the New Jersey estate tax for individuals who die on or after January 1, 2018. For individuals dying in 2017, the existing \$675,000 exemption is increased to \$2,000,000. It is noteworthy that this bill does not repeal the New Jersey inheritance tax, which taxes transfers to individuals other than spouses, ancestors and lineal descendants.

In light of this legislation, we encourage you to review your estate plan. Many existing estate plans for married couples fund a “Bypass Trust” for the surviving spouse upon the death of the first spouse to die. One of the purposes of the Bypass Trust is to preserve the New Jersey estate tax exemption of the deceased spouse. Since there will be no New Jersey estate tax after 2017, you may want to consider amending your estate plan to fund the Bypass Trust at the option of the surviving spouse.

In addition to the estate tax amendments, the legislation also makes the following changes:

- The gas tax will increase by 23 cents/gallon on November 1, 2016.
- The sales tax rate will decrease from 7% to 6.875% on January 1, 2017, and to 6.625% on January 1, 2018.
- The Earned Income Tax Credit for the working poor will increase.
- Veterans of the military and National Guard are now allowed a \$3,000 personal exemption.

Please contact us if you have any questions regarding these provisions.