

July 28, 2017

Estate Planning Update July 2017 - Massachusetts Tax Update

Massachusetts taxpayers should keep an eye on two developments. First, a proposed constitutional amendment will be on the ballot in 2018. If approved by voters, it will increase the tax rate on incomes more than \$1 million to 9.1 percent from the current rate of 5.1 percent. This would bring Massachusetts in line with other states in the region, including New York, Connecticut and New Jersey, which have already increased tax rates on higher-income taxpayers.

Second, legislation has been introduced that would increase the Massachusetts estate tax exemption from \$1 million to half of the federal exemption amount. In other words, under this legislation, the current Massachusetts exemption would be \$2.745 million, half of the federal exemption of \$5.49 million. The proposal would make other changes, including a modest reduction of the tax rate and an exemption for the value of the decedent's primary residence.

For those considering a move to a state with a lower tax burden, see the articles in our [July 2016 Estate Planning Update](#) or consult your Day Pitney attorney.