

J LAW OFFICE OF JILL A. SNYDER, LLC

New Maryland Estate Tax Law

Special Announcement

May 22, 2014

On May 15, 2014, Governor Martin O'Malley signed a bill that gradually raises the Maryland estate tax exemption amount to match the federal estate tax exemption amount. The estate tax exemption amount is the amount that can transfer at death to an individual or entity who is not the decedent's spouse or a charitable organization without being subjected to estate tax. Neither Maryland nor the federal government imposes an estate tax on transfers to spouses or charitable organizations.

This new law is intended to keep aging Marylanders from establishing residency in other states in order to avoid Maryland estate tax. The current exemption from Maryland estate tax is \$1 million, which will increase as described in the chart below:

YEAR	AMOUNT EXCLUDED FROM MARYLAND ESTATE TAX
2015	\$1.5 million
2016	\$2 million
2017	\$3 million
2018	\$4 million
2019	\$5 million+ (indexed for inflation)

Beginning in 2019, the Maryland exemption from estate tax will be identical to the federal exemption from estate tax. Two significant differences will persist between the federal and Maryland estate tax systems. First, Maryland will continue to impose an inheritance tax of ten percent (10%) on transfers at death to non-relatives and more distant relatives. Second, Maryland will not impose a gift tax on lifetime transfers that exceed the estate tax exemption amount even though such tax is levied under federal law.

Please contact the Law Office of Jill A. Snyder, LLC, at 410-864-8788 or jill@snyder-law.net if you have any questions about the new Maryland estate tax law or how it may impact your estate plan.