

Minnesota Enacts Changes to Estate Tax

Minnesota recently enacted changes to its estate tax and gift tax less than a year after modifications of each were signed into law. Specifically, the gift tax has been eliminated and the state's estate tax exemption thresholds have been raised.

Before the changes, Minnesota taxed all estates worth more than \$1 million, while all estates less than \$1 million were exempt from the estate tax. The new law raises the exemption limit to \$1.2 million for 2014, and it will gradually climb to \$2 million by 2018. The federal estate tax exemption remains at \$5.34 million. As a result, the discrepancy between the state and federal exemptions will remain and can create some significant estate planning challenges for individuals that fall between the state and federal exemption lines.