

Practical Probate: Connecticut Estate Taxes

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Connecticut residents who die on or after January 1, 2005, Connecticut imposes a state estate tax. This is in addition to the federal estate tax. Connecticut residents who died before that date were subject to a different scheme of state “death taxes” that are not covered in this article.

Estate tax is complex; rates and deductions vary depending on the date of death. For that reason, readers are cautioned that the scope of this article is limited to general information. You should draw no conclusions about your specific situation without consulting a qualified estate planning or tax attorney, or accountant.

The Connecticut estate tax is calculated based on the value of all the assets in which the person who passed away had an ownership interest. For example, if the person who passed away owned Connecticut real estate in survivorship with another person, one-half the fair market value of that real estate would be used to calculate the gross taxable estate.

Certain allowable deductions may be subtracted against the gross estate to arrive at the amount of the deceased person’s estate that is taxable. For Connecticut residents who die between January 2011 and the present, there is a \$2 million

exemption. This means that the first \$2 million of each Connecticut resident who dies during that period is not subject to Connecticut estate tax.

To illustrate how the date of death affects the Connecticut estate tax, for those who passed away between January 1, 2005 and December 31, 2009, the \$2 million exemption only applied to estates with a taxable value of \$2 million or less. If an estate had a taxable value of \$2,000,001, the exemption would not apply at all and the entire value of the estate would be subject to Connecticut estate tax. So, an estate with a taxable value of \$2,000,001 has a Connecticut estate tax liability of approximately \$100,000. This bizarre outcome was eliminated for Connecticut residents passing away on or after January 1, 2010.

Deductions include expenses of decedent estate administration, charitable bequests, real estate located outside of Connecticut, tangible personal property located outside Connecticut (for example, motor vehicles located and registered in another state) and various other exemptions.

There is an unlimited exemption for transfers between spouses. This means that transfers between spouses are not subject to

Connecticut estate tax, even when in excess of the current personal exemption, which is \$2 million.

The Connecticut estate tax is progressive, similar to the federal income tax: the rate of the tax increases as the value of the taxable estate increases. These rates are different for different years, based on the year of death. For example, for those who passed away between January 1, 2005 and December 31, 2009, the lowest marginal rate is just over 5%, with the top marginal rate being 13.6%. For those who passed away beginning January 1, 2011 the lowest marginal rate is 7.2%, with the top marginal rate being 12%.

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About the author



Dom Calabrese has been a Connecticut Probate Judge since 2002. He's currently the judge in the Region 22 Probate District in Southbury, Connecticut and is a judge in the Waterbury Regional Children's Court.

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