

NJ LAWS EMAIL NEWSLETTER E504

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October 26, 2016

Dear Ken,

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1. NJ Estate Tax to be eliminated on Estates under \$2,000,000 as of January 1, 2017.

10/14/2016 Approved P.L.2016, c.57.

NJ Chapter Law c.57. reduces the sales and use tax rate from 7 percent to 6.875 percent on January 1, 2017 and reduce the rate from 6.875 percent to 6.625 percent on January 1, 2018. The law will revise the special transition provisions for taxing sales transactions that extend across the tax rate change dates.

The law will phase out the estate tax over two rather than four years, by first replacing the current \$675,000 threshold with a "true" exclusion amount established at \$2.0 million for decedents dying on or after January 1, 2017, and then eliminating the estate tax for decedents dying on and after January 1, 2018. The law will also eliminate provisions of the bill that provided for the imposition of the estate tax on the New Jersey property of nonresident decedents.

The law will cap the proposed increase in the gross income tax pension and retirement income exclusions to \$100,000 for joint filers, \$75,000 for individuals, and \$50,000 for married but filing separately upon the full, four-year phase-in, by January 1, 2020, of the enhanced exclusion. Under the law will, the phase in of the increase is as follows:

Filer Type	Present	2017	2018
Joint	\$20,000	\$40,000	\$60,000
Individual	\$15,000	\$30,000	\$45,000
Separate	\$10,000	\$20,000	\$30,000

The law will also eliminate the provision, for taxable years beginning on or after January 1, 2021, that allowed a taxpayer with income of more than \$100,000 but not over \$125,000 to exclude 50 percent of the amount of pension and retirement income otherwise allowed and a taxpayer with more than \$125,000 but not more than \$150,000 of gross income to exclude 25 percent of the amount otherwise allowed.

NJSA 54:38-1 is amended to read as follows:

54:38-1. a. In addition to the inheritance, succession or legacy taxes imposed by this State under authority of chapters 33 to 36 of this title (R.S.54:33-1 et seq.), or hereafter imposed under authority of any subsequent enactment, there is hereby imposed an estate or transfer tax:

..
(2) (a) Upon the transfer of the estate of every resident decedent dying after December 31, 2001, but 2[after December 31, 2016,] before January 1, 2017,2 which would have been subject to an estate tax payable to the United States under the provisions of the federal Internal Revenue Code of 1986 (26 U.S.C. s.1 et seq.) in effect on December 31, 2001, the amount of which tax shall be, at the election of the person or corporation liable for the payment of the tax under this chapter,

For the transfer of the estate of each resident decedent dying on or after January 1, 2017, but before January 1, 2018, the exclusion amount is \$2,000,0002.

For the transfer of the estate of each resident decedent dying on or after January 1, 3[2020] 20183 , there shall be no tax imposed.

3[(5) Upon the transfer of the real or tangible personal property within New Jersey of each nonresident decedent dying on or after January 1, 2017, but before January 1, 2020, which tax shall bear the same ratio to the entire tax which that estate would have been subject to pursuant to subparagraphs (a) and (b) of paragraph (3) 2 and paragraph (4) 2 of this subsection if that nonresident decedent had been a resident of this State, and all of the decedent's property, real and personal, had been located within this State, as the taxable property within this State bears to the entire estate, wherever situated.]3

2. Edison Will Seminar, November 3rd and November 14th.

November 3 at 7pm Edison Clara Barton Library
Wills, Estate Planning & Probate Seminar
 New date and location
 141 Hoover Ave, Edison, NJ 08837

November 14 Metuchen Library
Wills, Estate Planning & Probate Seminar

at 7:00pm Free community program
480 Middlesex Ave. Metuchen, NJ 08840

3. Recent Cases: Search warrant did not permit search of persons off premises. State v. Bivins 226 NJ 1 (2016).

Because the State did not provide adequate proof that the individuals found in a car had been present at the targeted residence when the warrant was being executed moments before their apprehension, the warrant did not provide authority for the search of the two off-premises individuals.

4. Upcoming Charity Races.

October 29, 2016

HoBOOken 5K & Scary Scurry
2016 Halloween Fun Run hoboken5k.com/
10:00 AM | Pier A Park
co-sponsor by Wakefern Shoprite

November 6, 2016

RUN with the VIKINGS 5K
10:00 AM | South Brunswick High School 11/6
Bob Tona's Good Event

November 6, 2016

Watch NY Marathon

November 13, 2016

Hashathon 6.6 Mile Cheesequake challenging, dangerous trails, free beer, best post race party with band.
11:00 AM
732-542-6090

November 19, 2016

Manasquan Turkey 5- mile Run
11:00 AM
Party at taverns after race, discount beer.

Editorial Assistance Provided by Kwame Williams. Mr. Williams is participating in Ken Vercammen's Fall Internship Program and currently attends Felician University.

Editor's Note and Disclaimer:

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