



MARYLAND ESTATE TAX LAW

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Maryland has recently made changes to the various tax laws that affect both residents of Maryland and nonresidents who own real or tangible personal property in Maryland. The following information provides some answers to questions you may have regarding these changes.

INHERITANCE TAX

Maryland does not have a gift tax, however certain gifts made within two years of death may be subject to the inheritance tax. The inheritance tax rate is 10% and is assessed on gifts passing to domestic partners, friends, significant others (not spouses) and anyone who is not: a lineal descendant, spouse of a lineal descendant, spouse, parent, grandparent, stepchild or stepparent, sibling. A primary residence owned jointly by domestic partners at the time of the first death is exempt from the inheritance tax.

ESTATE TAX

The Maryland estate tax of up to 16% is levied on all assets including real estate within Maryland and to all residents domiciled there; real estate outside the state is excluded. Highlights of the estate tax laws are as follows:

- For deaths in 2014, the estate exemption remains \$1,000,000 but will increase annually as noted below:
 - 2015 \$1,500,000
 - 2016 \$2,000,000
 - 2017 \$3,000,000
 - 2018 \$4,000,000
 - 2019 federal exemption amount
- Beginning in 2019, portability will apply to the Maryland estate tax exemption, so that any Maryland estate tax exemption not used at the death of a spouse may be used at the surviving spouse's death.
- The Maryland estate tax is deductible on the federal estate tax return

The Maryland estate tax impacts wealthier clients and highlights the need for prudent estate planning.

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