



MAY 2011

Connecticut Reduces Estate and Gift Tax Exemptions, Retroactive to January 1, 2011

On May 4, 2011, Governor Malloy signed the proposed 2011-2012 budget into law. The budget contains significant tax increases and spending cuts. Chief among the tax changes is a reduction in the combined Connecticut estate and gift tax exemption amount from \$3,500,000 to \$2,000,000, retroactive to January 1, 2011. Under the new law, a tax is imposed at graduated rates on taxable gifts and estates in excess of \$2,000,000, beginning at 7.2 percent for taxable gifts and estates between \$2,000,000 and \$3,600,000, and rising to 12 percent for taxable gifts and estates in excess of \$10,100,000. Any exemption used by a taxpayer during life (for gifts made on or after January 1, 2005) reduces the amount of his or her estate tax exemption available at death.

The new law impacts taxpayers whose taxable gifts or estates exceed the \$2,000,000 exemption threshold, with those whose taxable gifts and estates exceed \$3,500,000 realizing an increase of \$108,000 in their tax bill.

In the following weeks, we will forward a *Planning Pointer* that further details the provisions of the new law and its implications for Connecticut taxpayers.

For more information or if you have questions regarding the matters discussed in this legal update, please contact a member of our [Individual Clients Group](#):

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If you wish to evaluate how this information may impact you, please contact Robinson & Cole in Connecticut at (860) 275-8200, or in Massachusetts at (617) 557-5912.

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