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## Yankees Owner Hits a Grand Slam

Or at least his estate did. In July, George Steinbrenner passed away at age 80. Reportedly a very controlling individual during life, he even managed to control his death to maximize the estate savings.

Due to Congressional inaction in 2009, there is no federal estate tax in 2010. As a resident of Florida, his estate also will escape state estate tax. (If he has real property in a state with an estate tax, his estate may owe tax in that state.)

Although most estates will not reach the level of Mr. Steinbrenner's (estimated at over \$1 billion), with the proper estate structure, if there is a death in 2010, estate tax can be avoided (or at least minimized) depending on the state of residence. Most estate planning focuses on federal estate planning but planning for state estate taxes also can provide an estate tax home run.

In New York, the state estate taxes still can take a large bite out of the estate. But there is no gift tax in New York. Any gifts given in excess of the gift tax annual exclusion are not taxable in New York and are not added back into an estate as they are under the federal rules (at least those rules that were in effect in 2009 and will be again in 2011). So, while a gift given may only postpone tax on the federal level, it will escape transfer tax



(i.e. both gift and estate tax) completely on the state level in New York.

Taxpayers residing in New York may want to consider making taxable gifts before the end of this year. In 2010, the federal gift tax rate is 35%; in 2011, the federal gift tax rate is scheduled to increase to 55%. **h**

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