

INDIANA INHERITANCE TAX RULES CHANGE

Indiana residents dying or transferring property after December 31, 2011, can now leave an inheritance of \$250,000 to each descendant before the Indiana inheritance tax starts. This means a parent can now leave \$1,000,000 in equal shares to four children without having to pay one cent in federal or state inheritance tax.

The Indiana inheritance tax law now treats a spouse of a child or stepchild like a child. This is a very significant tax savings for families that want to leave property to the spouse of a deceased child.

The Indiana inheritance tax will be reduced by 10% per year for Hoosiers dying after December 31, 2012. This reduction will completely phase out the Indiana inheritance tax for Hoosiers dying after December 31, 2021.

When you leave an inheritance to brothers, sisters, and unrelated parties, the inheritance tax does not change in 2012. This tax will be reduced by 10% per year for Hoosiers dying in 2013, and subsequent years.

There continues to be no inheritance or federal estate tax between spouses at the first death.

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