

**\*\*UPDATED II\*\***

**CLIENT ALERT**

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***Federal, District of Columbia and Maryland Estate Tax Exemptions Increase for 2018***

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This Client Alert provides an *update* to our last [Update](#) on the evolving landscape of estate tax exemptions for 2018 in the DC Metro area. In 2017, both the District of Columbia and Maryland were on track to match the Federal estate tax exclusion amount: DC in 2018 and Maryland in 2019. However, both jurisdictions were apparently caught off guard by the Federal government doubling its estate tax exclusion to \$11,180,000 for 2018. We last reported that both DC and Maryland were considering legislation to limit their exclusions to levels consistent with the Federal estate tax exclusion in 2017. Now we confirm that both jurisdictions are breaking away from the Federal government with lower estate tax exclusion amounts.

District of Columbia. On February 6, 2018, 10 of the 13 DC City Council members joined in a bill to change the DC estate tax exclusion to \$5,600,000 for 2018, and have this amount adjusted for inflation in future years.<sup>1</sup> These changes were later added to DC's budget bill (the [Budget Support Act](#)) that was enacted on September 5, 2018.<sup>2</sup> **Pursuant to this legislation, DC's estate tax exclusion amount is \$5,600,000, retroactive back to January 1, 2018.**

Maryland. For individuals dying in 2018, the Maryland estate tax exemption is \$4,000,000, which is a \$1,000,000 increase from the 2017. The Maryland increase is part of a 2014 law that gradually increases the Maryland estate tax exemption each year until 2019, when it was on schedule to match the Federal estate tax exclusion.<sup>3</sup> **Pursuant to legislation passed on April 5, 2018, Maryland will limit its estate tax exclusion to \$5,000,000 in 2019.**<sup>4</sup> Maryland's change does not involve any element of retroactivity as does the DC legislation.

If you have any questions about the 2018 estate tax exclusions, please contact one of our lawyers.

DISCLAIMER: This material is not intended to constitute a complete analysis of all tax or legal considerations. This material is not intended to provide financial, tax, legal, accounting, or other professional advice. Consult with your professional adviser to obtain counsel based on your individual circumstances.
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<sup>1</sup> DC Bill [B22-0685](#), Estate Tax Clarification Amendment Act of 2018.

<sup>2</sup> D.C. Act 22-442 (September 5, 2018). This legislation is subject to the mandatory Congressional review period.

<sup>3</sup> Md. Code Ann., Tax-General § 7-309 (2017).

<sup>4</sup> Maryland Bill [HBO 308](#).