

## Inheritance Tax Changes

Notice #12-13

Inheritance Tax

September 2012



## Highlights

- *Inheritance Tax Exemptions:*  
2013 - \$1,250,000  
2014 - \$2,000,000  
2015 - \$5,000,000
- *No Inheritance Tax will apply to estates of decedents dying in 2016 or after.*
- *The Inheritance Tax exemption is apportioned for non-resident estates.*

**INTRODUCTION**

This notice is intended to provide taxpayers and the general public with information concerning Public Chapter 1057 (2012), which provides for increases in the Tennessee Inheritance Tax exemption for dates of death in 2013 through 2015 and repeals the Inheritance Tax for dates of death in 2016 and thereafter.

**The Tennessee Inheritance Tax exemption is increased to:**

- **\$1,250,000 for 2013**
- **\$2,000,000 for 2014**
- **\$5,000,000 for 2015**

**The Tennessee Inheritance tax will not apply to estates of decedents dying in 2016 or after.**

**DISCUSSION**

Tenn. Code Ann. § 67-8-301, et seq., imposes a tax on the estates of Tennessee residents. An exemption is allowed against the net estate in determining the net taxable estate. For dates of death on or after January 1, 2006, through December 31, 2012, the exemption is \$1,000,000. The exemption is increased to \$1,250,000 for dates of death in 2013, \$2,000,000 for dates of death in 2014, and \$5,000,000 for dates of death in 2015. For dates of death on or after January 1, 2016, the Tennessee inheritance tax will not apply.

The tax is also imposed on the estates of non-residents with Tennessee real property or tangible personal property with a situs (location) in Tennessee. The statutory exemption for a non-resident estate is apportioned in the ratio that the gross value of the Tennessee estate bears to the value of all property, which would have been included in the gross estate if the decedent had been a resident of Tennessee.

For more information regarding inheritance tax, please refer to the Tennessee Inheritance Tax Outline on the Department of Revenue's website.

<http://www.tn.gov/revenue/taxguides/inheritoutline.pdf>

**References:**

PC 1057 (2012)  
TCA § 67-8-301, et seq.

The information provided here is current as of the date of publication but may change as a result of new statutes, regulations, or court decisions. While this notice is intended to be comprehensive, events and situations unanticipated by this notice may occur. In such cases you should contact the department or your tax professional for further guidance.