

# VIZZONI & COSTELLO, L.L.C.

www.vc-law.com

## Attorneys At Law

### SUMMER 2002 UPDATE

- **New Jersey Tax Legislation May Require Review of Many Estate Plans.** Many of you may be aware that the New Jersey legislature recently passed a significant *business* tax reform act. However, you may not be aware that significant modifications were also made to the *New Jersey Estate Tax*. The New Jersey Estate Tax is not new, but until now only applied if an Estate was subject to Federal Estate Tax. While the legislature's intent as to how the new law will be administered is not yet clear, the effect of the new law may be that New Jersey Estate Tax could now apply to an estate regardless of whether there is a Federal Estate Tax due. If the new law is administered in that fashion, existing estate plans will have to be reviewed to determine if modifications are necessary. We will continue to monitor developments in this area and re-visit this issue in our Fall 2002 Update.
- **Recent Tax Court Case Requires Review of Family Limited Partnerships.** A recent U.S. Tax Court decision denied the annual gift tax exclusion (\$11,000 per donee, per year) for gifts of Limited Partner Units by an individual to members of his family. While it is expected that this decision will be appealed, Family Limited Partnership Agreements may have to be modified in order to avoid the loss of the all important exclusions. *Please contact us as soon as possible if you have implemented a Family Limited Partnership or Family Limited Liability Company.*
- **Congress Declines to Make 2001 Tax Act Changes Permanent.** As we have described in previous updates, the 2001 Tax Act did not, in many respects, live up to the rhetoric of its proponents on both sides of the political aisle. The changes made by the new law, including the so-called "death tax repeal," *cease to apply after 2010*, absent further congressional action. This highly unusual provision was included to insure technical compliance with the federal budget law. The House of Representatives recently passed a bill to make these changes permanent, but it was narrowly defeated in the Senate. Therefore, there is still a great degree of uncertainty in the estate tax planning arena. We will naturally keep you apprised of further developments in this regard.

***WE ARE PLEASED TO ANNOUNCE THAT LEONARD J.C. HARDESTY, JR., ESQ. HAS JOINED OUR FIRM. Len holds his Master of Laws in Taxation from New York University Law School and joins us after gaining invaluable experience in the tax department of a national accounting firm and with a prestigious New Jersey tax law firm. Welcome, Len!***

1256 Route 202/206 North • Bridgewater, NJ 08807 • Voice: 908.304.0499 • Fax: 908.304.0477  
125 Half Mile Road, Suite 200 • Red Bank NJ 07701 • Voice: 732.933.2611 (By Appointment Only)  
11 Penn Plaza, 5<sup>th</sup> Floor • New York, New York 10001 • Voice 212.946.2704 (By Appointment Only)