



New Jersey Tax Guide

A Guide to Being an Executor



What if you are an Executor or Administrator of an estate?

You are most likely looking to obtain waivers to release the decedent's assets, such as NJ bank accounts, NJ stock, and NJ real estate. There are several steps to follow, and a few things you need to know before this can happen.

What are the different types of waivers?

A *self-executing waiver* (do-it-yourself) and the *0-1 waiver* (issued by the Division of Taxation) are the different types of waivers. New Jersey banks are prohibited from closing a decedent's bank accounts without one of these forms:

- **Form L-8 Self-Executing Waiver Affidavit** can only be used when there is ***no Inheritance or Estate Taxes due (see below)***.
 - L-8s are to be filled out by you, as the estate representative. Then they can be sent or brought **directly to the bank**, transfer agent, or other financial institutions holding the funds.
 - Many banks have these forms on hand, but they can also be obtained on our [website](#).
 - *You do not file anything with the Inheritance and Estate Tax Branch if you qualify to use this form.*

- **Form 0-1 is a "waiver" that can only be issued by the Division of Taxation.**
 - To get this form, you must file a return with the Division.
 - *Real Estate transfers always require Form 0-1.*
 - Note: 0-1 is *not* a form that you will be able to find on our website. This form can only be issued by the Division of Taxation.

Are there any Inheritance or Estate Taxes Due?

Your next job as Executor/Administrator is to figure out if any Inheritance or Estate taxes will be due. This will determine what forms or returns you will need to file.

Besides the Federal estate tax, there are two separate State taxes related to a person's death: the Inheritance Tax and the Estate Tax. You may owe one, but not the other. You will never pay more than the higher of the two taxes:

- **Inheritance Tax** mainly depends on the relationship between the deceased person and the beneficiary. Estate proceeds payable to:
 - Surviving spouses, parents, children, grandchildren, etc. are exempt from Inheritance Tax. These are Class A beneficiaries.
 - Brothers and sisters and children-in-law are subject to tax after built-in exemptions. These are Class C beneficiaries.
 - Nieces, nephews, aunts, uncles, friends, and non-relatives are subject to Inheritance Tax. These are Class D beneficiaries.
 - Charitable institutions are exempt from Inheritance Tax. These are Class E beneficiaries.

If it turns out that Inheritance Tax may be due, the Inheritance Tax Resident Return ([Form IT-R](#)) needs to be filed. Any tax must be paid within eight months after the date of death or you will **incur a 10% annual interest charge** on unpaid tax.

Sometimes, a return needs to be filed even if there might not be any tax due. If there are any Class C, D, or E beneficiaries, you will need to file a full return. .

- **Estate Tax** depends on the size of the decedent's gross estate and the decedent's date of death. You will have to file an Estate Tax return if the estate value is higher than the exemption level for that year:

YEAR OF DEATH	EXEMPTION LEVEL	RETURN REQUIRED
2016 or earlier	\$675,000 including adjusted taxable gifts	IT-Estate
2017	\$2 million	IT-Estate 2017
2018 or after	All exempt	No Estate Tax return

If you determine that all of the beneficiaries and the estate are exempt from tax, you may use the following form to obtain a real estate waiver:

- **Form L-9:** Resident Decedent Affidavit Requesting Real Property Tax Waiver. This Form needs to be filed with the Inheritance & Estate Tax Branch to receive a Form 0-1 Waiver for real estate.

Non-Resident Decedents (someone who died as a legal resident of another state or a foreign country): People who did not live in New Jersey, but owned certain types of property in New Jersey (usually real estate) may need to pay NJ Non-Resident Inheritance Tax. See New Jersey Non-Resident Inheritance Tax [Frequently Asked Questions](#) for more information. There is no Estate Tax on non-resident decedents.

Other Important information for executors/administrators to know:

- Banks and financial institutions may release up to 50% of the entire amount of funds on hand before a waiver is received. These funds may only go to the executor or administrator or joint owner of the account(s).
- Banks also must pay (without a waiver) any checks for Inheritance/Estate Taxes written to *New Jersey Inheritance and Estate Tax* from a decedent's account (if there are sufficient funds in the account, of course.)
- When filing any return for Inheritance Tax, the fair market value of decedent's assets should be reported **as of the date of death**, not as of the filing date.

How long does processing take?

Once you have filed a return with the Division, please plan for processing to take at least several months. If a return must be audited, it may take several months longer. About 40 to 50% of returns require additional attention in the form of an audit. Returns are processed and audited in the order they are received.

Inheritance and Estate Tax payments are usually posted within two weeks from the time they are received, but the processing of a return and issuing of waivers will take longer.

Full details regarding the above information are available on our website or by calling the Inheritance and Estate Tax Hotline at 609-292-5033 M-F 8:30 a.m.- 4:30 p.m. EST.

As executor, you may be required to file income tax returns on behalf of the decedent. For more information on New Jersey Gross Income Tax, please call 609-292-6400, or visit the [Division's website](#).