

Matthew Rheinhold Quoted in “Do I have to pay the inheritance tax after my cousin died?”

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By [Matthew Rheinhold](#)

Q. I live in Florida. My cousin who recently died was a New Jersey resident. I am one of three beneficiaries of my cousin’s brokerage account. All three of us are Class D beneficiaries. The other two beneficiaries live in New Jersey. Do I as a Florida resident have to pay New Jersey inheritance tax? Each of us will get around \$100,000.

— Cousin

A. We’re sorry to hear about your cousin.

But it’s good that you know about the state’s inheritance tax.

The New Jersey inheritance tax is a separate tax that is levied on certain transfers from a deceased individual to a beneficiary, said Matthew Rheingold, a tax and estate attorney with Einhorn Barbarito in Denville.

“The tax is based upon the beneficiary’s relationship to the decedent and is assessed based upon the domicile of the decedent, not the beneficiary, he said, noting that if applicable, an inheritance tax return must be filed and any tax owed must be paid within eight months of the decedent’s death.

Under the New Jersey inheritance tax, the tax system separates beneficiaries into one of four distinct classes: A, C, D and E, he said. Class B was eliminated in 1963.

The class that a beneficiary falls into determines whether there is New Jersey inheritance tax owed, he said.

As you noted, cousins are known as Class D beneficiaries.

“Any bequest of \$700,000 or less to a Class D beneficiary is subject to a 15% inheritance tax, while any amount in excess of \$700,000 is subject to a 16% inheritance tax,” Rheingold said.

He said given that your cousin lived in New Jersey at the time of death, your proportionate share of the inheritance tax would be approximately \$15,000 ($\$100,000 \times 15\%$).

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