



MASSACHUSETTS MILLIONAIRE'S TAX PASSED

November 11, 2022

The Massachusetts constitution requires that the income tax must be a flat tax. On November 8, 2022, voters in Massachusetts approved on a constitutional amendment for the first time in 22 years which imposes a 4% surtax on top of the state's 5% flat tax for the portion of the annual household income exceeding \$1,000,000. The \$1,000,000 threshold will be adjusted annually to reflect cost-of-living increases. The vote was 52% in favor and 48% against, and the amendment was first introduced in 2015. The new surtax will take effect for income earned in 2023.

In addition to the new surtax, Massachusetts estate tax exemption continues to be \$1,000,000. The maximum Massachusetts estate tax rate is 16%. A bill has been introduced into the Massachusetts legislature to increase the Massachusetts estate tax exemption up to \$2,000,000, but it has not been passed.

Given the new surtax and the low estate tax exemption, Massachusetts continues to be a high tax state compared to its neighboring New England states.

If you have any questions, please contact your Cummings & Lockwood LLC attorney.