

U.S. Supreme Court Rules Against State in Trust Tax Case

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In the recent *North Carolina Department of Revenue v. Kaestner Family Trust* case, the U.S. Supreme Court unanimously ruled against the state of North Carolina and in favor of the taxpayer, determining that a trust beneficiary's residence alone is insufficient for the state to tax the trust's undistributed income.

The ruling in the case is too narrow to apply to the taxation structure Nebraska imposes on trusts, but it does shed light on how a legal challenge to the Nebraska law taxing trusts might be interpreted. At a minimum, it highlights that practitioners should be discussing state taxation of trusts with their clients and potential planning for lessening that tax burden.

See the full summary from Brandon Hamm and Lisa Lehan in the article below.

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