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Hawaii to Disregard Single-Member LLCs in State Estate Taxation of Real Property of Nonresidents

Hawaii requires a state estate tax return for every estate required to file a federal estate tax return if the decedent was a Hawaii resident or a nonresident who owned real or tangible personal property in Hawaii. Effective as of July 10, 2017, if such property is held through a single-member LLC solely owned by a decedent (which has not elected to be taxed as a corporation), the LLC will be disregarded and the decedent will be treated as the owner of the property. This law effectively prevents a nonresident’s use of an LLC to convert real and tangible personal property to intangible personal property for Hawaii estate tax

purposes. Hawaii also passed legislation to conform its estate and GST tax laws to the Internal Revenue Code for purposes of determining the gross estate, adjusted gross estate, federal taxable estate, and generation-skipping transfers, with some state-specific exceptions (effective for decedents dying and transfers after Dec. 31, 2016). See HI SB1006 (2017); HI SB1002 (2017).

[View HI SB1006 \(2017\)](#)

[View HI SB1002 \(2017\)](#)

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