

Northeast Trust Income Tax Rates - 2023

STATE TRUST INCOME TAX RATE

CT	6.99%
ME	5.8% 6.75% 7.15%
MA	5.0%
NH	N/A
NY	10.90% (NY) 3.88% (NYC)
RI	5.99%
VT	8.75% On amount over \$9,350

All “Grantor” trusts (all revocable and many irrevocable trusts) will be taxed to the trust creators (Grantors) if the state has income tax. Simple and complex trusts pay their own tax. Federal income tax on non-Grantor trust income rises through brackets quickly to 37% at the point income exceeds about \$14,000.

The comments below concern tax on non-Grantor irrevocable trusts:

Tax on trust income may be modified fractionally to the extent there are nonresident, current beneficiaries.

For 2023, the 5.8% rate applies to taxable income less than \$24,500. The 7.15% rate applies to taxable income over \$58,050. Set up the trust as a ME resident and it will be taxed here.

Tax applies to (1) Trust established under a will of a MA resident where there is a MA beneficiary; (2) Trusts with a MA trustee, a MA Grantor (a MA resident when trust set up or during the tax year, or dies a resident of MA), AND a MA beneficiary. 12% tax on short-term cap gains.

NH has an interest and dividends and cap gains tax. The does not apply to trusts of nonresidents. NH is phasing out these taxes altogether by 2027.

If a NY Trustee and there is any corpus in NY and any NY-sourced income, the trust will be taxed if Grantor is a NY resident at time trust becomes irrevocable or at time irrevocable trust was funded.

If a beneficiary is a RI resident, and if the Grantor of irrevocable trust was a resident at the time of creation or time trust became irrevocable or at the time of transfer to the trust.

If Grantor was a VT resident at the time irrevocable trust was funded or time revocable trust became irrevocable.