



NEW HAMPSHIRE  
TRUST COUNCIL

**Press Release**

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FOR IMMEDIATE RELEASE

**New Hampshire Enhances Its Trust Tax Laws**

*Legislation Advances New Hampshire's Status as a Premier Trust Jurisdiction*

HAMPTON, NH – July 31, 2012 The New Hampshire legislature has enacted SB 326, which completely eliminates the application of the 5% interest and dividends tax (the “I&D tax”) to “non-grantor” trusts. A non-grantor trust is an irrevocable trust that is treated as a taxpayer separate from its grantor for federal and New Hampshire income tax purposes.

“This legislation again underscores New Hampshire’s continuing commitment to achieve its stated goal to be the premier jurisdiction in the nation for establishing and administering trusts,” stated Scott Baker, Principal of Perspecta Trust Company of Hampton, New Hampshire, and President of the New Hampshire Trust Council (“NHTC”).

“This new law, enacted with strong bipartisan legislative support, continues our state’s record of promoting the state’s trust industry and will help to attract new financial service providers and high quality jobs.” said Todd D. Mayo, head of the Trust and Estate Practice Group at Cleveland, Waters and Bass, P.A., Concord, New Hampshire, an NHTC member.

New Hampshire does not tax capital gains within trusts, and has historically only taxed interest and dividends on trusts with New Hampshire resident beneficiaries, and then only on that portion of the trust’s interest and dividend income attributable to the resident beneficiary. Beginning in 2013, regardless of the residence of the beneficiaries, non-grantor trusts will not be subject to any New Hampshire taxes. Instead, New Hampshire resident beneficiaries of these trusts will pay I&D taxes only on the taxable interest and dividends actually distributed to them. Non-resident beneficiaries of New Hampshire trusts will pay no New Hampshire I&D tax on distributions they receive from these trusts.

Most states tax trust income and gains at rates ranging from 5 to as high as 12 percent, significantly impacting the after-tax returns of trusts. Over a period of many years, and even decades, trust taxation at the state level can meaningfully erode a trust’s value, making it increasingly important for grantors to establish their trusts in a tax-friendly jurisdiction, such as New Hampshire.

“This new regime will help to further strengthen New Hampshire’s growing trust services sector and takes one additional step to improve our competitiveness versus other progressive trust jurisdictions; our state is now legitimately the best trust jurisdiction in the nation,” said Amy Kanyuk, a leading trusts and estates attorney with McDonald & Kanyuk, PLLC and co-founder of NHTC member firm Concord Trust Company, LLC.

### **About New Hampshire’s Trust Services Industry**

New Hampshire passed landmark trust legislation in 2006, with additional trust-related bills being enacted in 2008, 2010, 2011, and most recently in 2012. Since 2006, numerous trusts and trust companies have been created in and/or moved to New Hampshire to take advantage of the state’s progressive trust laws and tax code. As a result of these initiatives, the number of New Hampshire-chartered trust companies has more than doubled to 34, creating many new jobs in the state. These new positions tend to be professional roles in the fields of estate planning, legal, tax and trust administration, and have generally shown to be resilient to downturns in the overall economy. Given its success, New Hampshire will look to continue to increase its appeal for trust-related business and to further grow this attractive industry within the state.

### **About the New Hampshire Trust Council**

The New Hampshire Trust Council operates as a non-profit organization whose members include independent trust companies and other industry participants. The purpose of the NHTC is to provide a forum to address the growing needs of New Hampshire's trust industry and to preserve the state's national leadership position in trust and trust banking legislation. On the Web at [www.NHTrustCouncil.com](http://www.NHTrustCouncil.com).

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