New York State Department of Taxation and Finance
Taxpayer Services Division
Technical Services Bureau

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Estate and Gift Tax
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Exclusions Allowed for Certain Payments Made to Victims of Nazi Persecution or Their Families

On April 28, 1998, Governor George E. Pataki signed Chapter 56 of the Laws of 1998 into law. This Act amends section 954(a) of the tax law to allow an exclusion for certain property from the New York gross estate of an individual who was a victim of Nazi persecution (victim).

Property excludable from New York gross estate includes the following:

- The value of any asset included in the decedent's Federal gross estate that was stolen or hidden from, or otherwise lost to a victim, or that a victim was otherwise deprived of, immediately prior to, during, or immediately after World War II. Thus, the New York gross estate does not include (1) the value of a claim for return of such asset or the value of a claim of compensation for such asset, or (2) the value of such asset if it was subsequently returned to a victim or to the estate of a victim. For purposes of the foregoing provisions, the value of an asset is the asset value as of the decedents' date of death or alternate valuation date, if so elected.

- Insurance proceeds, payable under policies issued to a victim by European insurance companies, that were paid to, stolen or hidden from a victim, or that a victim was otherwise deprived of, immediately prior to, during, or immediately after World War II.

- The amount paid to a victim during his or her lifetime for the value of assets that were stolen or hidden from a victim, or that a victim was otherwise deprived of, immediately prior to, during, or immediately after World War II.

- The value of lifetime distributions made to the decedent because of his or her status as a victim, the spouse of a victim, or descendant of a victim. However, this provision does not apply to a spouse or descendant of a victim unless the spouse or descendant was eligible for any federal or federally assisted program that provides benefits or services based, in whole or in part, on need.

These provisions were effective immediately, but deemed to have been in full force and effect on or after April 1, 1963, and are repealed on February 1, 2000.

The computation of the estate tax for estates of individuals dying on or after February 1, 2000, was significantly changed by the enactment of Chapter 389 of the Laws of 1997. Beginning February 1, 2000, the New York State estate tax will be determined by the amount allowed on the federal estate tax return as a credit for state death taxes. Therefore, this exclusion from the New York gross estate is repealed as of February 1, 2000, because it would not reduce the combined federal and state estate tax liability for estates of individuals dying on or after that date.