

In The News

Michael Bowen Examines SCOTUS Arguments, Questions in Jurisdictional Trust Case

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Michael Bowen, chair of Akerman’s State and Local Tax Practice, wrote the *Law360* article titled, “Prickly Jurisdiction Issues Concern Justices In Trust Tax Case,” examining the “thorny and intricate jurisdictional questions” asked by the Supreme Court Justices during oral arguments of *North Carolina Department of Revenue v. Kimberly Rice Kaestner 1992 Family Trust* on April 16. The controversy in the case involves North Carolina’s assertion of tax jurisdiction over a trust what was administered in New York by a trustee living in Connecticut.

Bowen further explains, “North Carolina sought to tax the accumulated income of the trust despite the fact that it made no distributions to a North Carolina resident beneficiary during the relevant period. Moreover, the trust instrument empowered the trustee with sole discretion on when and how to make distributions of the trust income. The North Carolina resident beneficiary had no right to the accumulated income of the trust unless and until distributed by the trustee. The nonresident trust challenged North Carolina’s assertion of taxing jurisdiction under the due process clause.”

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