

PLANNING FOR U.S. SITUS ASSETS AND U.S. INBOUND TRANSACTIONS

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When talking about planning for U.S. persons or U.S. situs assets, who and what are we talking about?

- U.S. persons who are living in Switzerland
- U.S. persons who are living in U.S. with assets overseas or who travel to Europe
- Non U.S. persons who are planning to move to the U.S.
- Non U.S. persons who own U.S. assets
- Non U.S. persons with U.S. beneficiaries or family moving to the U.S. who may receive gifts or inheritance

Key Terms

U.S. Citizen

- An individual born in the U.S.
- An individual whose parent is a U.S. Citizen
- A former alien who has been naturalized as a U.S. Citizen or an individual born in Puerto Rico, Guam or the U.S Virgin Islands.

Non-Resident Alien

- For *U.S. income tax* purposes, a NRA is a non-U.S. citizen who does not meet the tests for being a U.S. Resident Alien (i.e. Substantial presence or green card).
- For *U.S. estate and gift tax* purposes, a NRA is a person who is not domiciled in the U.S. Therefore, an individual may be a Resident Alien for income tax purposes but a NRA for estate and gift tax purposes.

Green Card Holder/ U.S. Permanent Resident

- Someone who maintains permanent resident status in the U.S. and can be removed from the U.S. if certain conditions are not met.

U.S. Resident with Substantial Presence

- A Non-U.S. citizen who does not hold a green card but is deemed to be a U.S. Resident for income taxes purposes based on the “Substantial Presence Test”, i.e. an individual must be physically present in the United States on at least: 31 days during the current year, and 183 days during the 3-year period that includes the current year and the 2 years immediately before that, counting:
 - All the days the individual was present in the current year, and
 - $\frac{1}{3}$ of the days the individual was present in the first year before the current year, and
 - $\frac{1}{6}$ of the days the individual was present in the second year before the current year.

Substantial U.S. Owner for FATCA

- U.S. person with more than 10% interest by vote or value in a foreign corporation, partnership or trust. For foreign investment vehicles, any percentage of ownership is reportable.

U.S. Domiciliary

A person who:

1. resides in the U.S. and
2. has the intent to remain in the U.S. indefinitely.

A U.S. Domiciliary is subject to U.S. estate tax on all worldwide assets.

U.S. Tax Implications

U.S. Income Tax

- For income tax purposes, U.S. citizens and U.S. residents are taxed on their worldwide income. An individual is a U.S. resident for income tax purposes if:
 - Green card holder
 - Substantial Presence Test
 - First Year Election Test
- Non- U.S. residents are subject to income tax based on two factors:
 1. whether the Non- U.S. resident is engaged in an actual or artificial U.S. trade or business
 2. the source of the income.

U.S. Estate Tax

- The U.S. estate tax is a tax on the transfer of an estate of a deceased person. It consists of an accounting of everything an individual owns or has certain interests in at the date of their death, less the individual's debts.
- **Gift Tax v. Inheritance Tax**
 - Inheritance Tax is typically levied on the recipient of the inheritance, whereas estate tax is levied on the decedent.

Application of U.S. Estate Tax

- For purposes of determining U.S. estate tax liability, one looks at citizenship, domicile and/or the situs of the asset.

U.S. Domicile

- U.S. Citizens and persons who are deemed to be “domiciled” in the U.S. are subject to U.S. estate and gift tax on all worldwide assets.
- A person is considered “domiciled” in the U.S. if:
 1. they reside in the U.S.; and
 2. have the intent to remain in the U.S. indefinitely.

Factors impacting determination of domicile:

- The amount of time the individual spends in one location versus another
- The location of the individual's spouse and children
- The location of the individual's principal residence
- Where an individual's driver's license is issued or where an individual is registered to vote
- The location of an individual's banks and bank accounts
- The location of real property and investments held by an individual

U.S. Estate Tax for NRA

- A person is a non-resident alien (NRA) if their domicile is outside of the U.S.
- A NRA is subject to U.S. Estate and Gift tax on all “U.S. situs property”.
- Consider:
 - Estate tax treaties (may alter default rules)
 - US\$60,000 exemption

Defining U.S. Situs Property

- Real Property: Real property is fixed property such as land or buildings. Real property physically located in the United States has a U.S. situs. Real property located outside of the U.S. has a foreign situs.
- Personal Property: Personal property is either classified as tangible or intangible. This distinction becomes important when determining whether the property is subject to gift tax.

Tangible v. Intangible Personal Property

- Tangible personal property has a physical presence and is deemed to have a situs of where the property is located
 - i.e. *Art, jewelry, gold coins, cash in a safe deposit box, furniture*
 - Intangible personal property has no physical presence and for U.S. estate tax purposes is broken down into the following categories:
 - Stock in domestic corporation- U.S. Situs
 - Stock in foreign corporation- foreign situs
 - Cash in U.S. bank accounts- Non U.S. situs
- * intangible personal property is not subject to gift tax

U.S. Gift Tax

- U.S. Citizens and persons who are domiciled in the U.S. subject to gift tax on all worldwide gifts made by such person
- NRA are subject to gift tax on:
 - U.S. situs real property
 - U.S. situs tangible personal property
 - U.S. or foreign currency or cash located within the U.S.

	U.S. CITIZEN	N.R.A.
U.S. GIFT AND ESTATE TAX EXEMPTION AMOUNT	US\$5.43 Million (2015)	US\$60,000
U.S. ESTATE AND GIFT TAX RATE (2015)	40%	40%
UNLIMITED MARITAL DEDUCTION	Available to U.S. Citizen spouse	Only with Qualified Domestic Trust (QDOT)
ANNUAL GIFT	<ul style="list-style-type: none"> • Unlimited annual gift to spouse • US\$14,000 annual gift exclusion per donee 	<ul style="list-style-type: none"> • US\$145,000 annual gift to spouse • US\$14,000 annual gift exclusion per donee (no spousal gift splitting)

Taxable Events v. Reporting Events

- **Gift Reporting Requirements**

- Gift to a U.S. person from a Non-U.S. person of over US\$100,000 must be reported
- Gifts to a U.S. person valued at more than US\$13,258 (adjusted for inflation) from a foreign corporation or foreign partnership must be reported

- **IRS Form 3520**

- **IRS Form 3520A**

- **FBAR**

- Consider penalties

FORM 3520 (PART IV)

ANNUAL RETURN TO REPORT TRANSACTIONS WITH FOREIGN TRUSTS AND RECEIPT OF CERTAIN FOREIGN GIFTS

Form 3520 (2014) Page **6**

Part IV U.S. Recipients of Gifts or Bequests Received During the Current Tax Year From Foreign Persons
(see instructions)

54 During the current tax year, did you receive more than \$100,000 that you treated as gifts or bequests from a nonresident alien or a foreign estate? See instructions for special rules regarding related donors Yes No

If "Yes," complete columns (a) through (c) with respect to each such gift or bequest in excess of \$5,000. If more space is needed, attach a statement.

(a) Date of gift or bequest	(b) Description of property received	(c) FMV of property received
Total		\$

55 During the current tax year, did you receive more than \$15,358 that you treated as gifts from a foreign corporation or a foreign partnership? See instructions regarding related donors Yes No

If "Yes," complete columns (a) through (g) with respect to each such gift. If more space is needed, attach a statement.

(a) Date of gift	(b) Name of foreign donor	(c) Address of foreign donor	(d) Identification number, if any

(e) Check the box that applies to the foreign donor		(f) Description of property received	(g) FMV of property received
Corporation	Partnership		

56 Do you have any reason to believe that the foreign donor, in making any gift or bequest described in lines 54 and 55, was acting as a nominee or intermediary for any other person? If "Yes," see instructions Yes No

Under penalties of perjury, I declare that I have examined this return, including any accompanying reports, schedules, or statements, and to the best of my knowledge and belief, it is true, correct, and complete.

Sign Here

Signature	Title	Date
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Paid Preparer Use Only	Print/Type preparer's name	Preparer's signature	Date	Check <input type="checkbox"/> if self-employed	PTIN
	Firm's name ▶	Firm's EIN ▶			
	Firm's address ▶	Phone no. ▶			

Form **3520** (2014)

Non-Tax Issues

- Asset protection planning / Divorce protection
- Probate (state specific)
- Asset suitability
- FATCA implications for foreign structures
- Attention to proper sequencing to gifts and bequests
- U.S. jurisdiction selection for inbound planning purposes
- Beneficiary designations

Planning Opportunities

- Avoiding U.S. Situs for U.S. estate/gift tax purposes
- Avoiding U.S. Domicile for estate tax purposes or U.S. residency for income tax purposes
- U.S. Citizenship for enhanced exemptions
- Planning for wealth transfers through trusts to avoid U.S. estate tax for U.S. citizen/resident beneficiaries
- Planning for step-up in tax basis
- Life Insurance

Planning Considerations when dealing with U.S. persons or U.S. situs assets

- Know your client
- Know your client's assets
- Know your client's advisors
- Know the tax traps (present and future) of existing/legacy structures (foundations; trusts and the like)
- Have an action plan (timing can be critical)
- Utilize local counsel
 - Consider U.S. Tax
 - Consider state/local issues
- Work as a team

Teeple Hall, LLP

Todd Douglas Hall is a Partner at Teeple Hall, LLP, a boutique law firm located in San Diego, California. For over 23 years, Teeple Hall, LLP has advised clients on a wide range of matters including: wealth and estate planning, U.S. and international tax planning, business planning, asset protection planning and investment vehicle structuring. At Teeple Hall, LLP, our clients include high net worth individuals with international assets or businesses, U.S. persons interested in moving or investing abroad, and Non-U.S. persons with U.S. assets or family members. Our clients trust us to guide them through the complex world of U.S. and international tax planning and rely on our relationships with advisors throughout the world. For more information, please contact **Todd Douglas Hall** at todd@teeplehall.com.

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PLANNING FOR U.S. SITUS ASSETS AND U.S. INBOUND TRANSACTIONS

Part I. Introduction and Presentation Outline

A. Introductory Remarks:

- a) This presentation is structured to familiarize the participant with key U.S. estate, gift and income tax issues affecting foreign investment in the United States, migration of foreign individuals to the United States and persons contemplating wealth transfers to U.S. persons through outright gifts and provisions in trusts, foundations and other planning vehicles. In addition to the overview of key U.S. issues to be considered by foreign advisors, there will be discussions on best practices for foreign advisors working with cross-border clients and issues and planning strategies to avoid/minimize the pitfalls of the U.S. estate tax.
- b) Throughout this presentation we will be focusing on the movement of assets and individuals in the context of U.S. estate and gift tax. We will flag and discuss issues and instances that may result in an income tax event, estate or gift tax liability or a reporting requirement. Many of these tax liabilities can be avoided with proper planning.
 - i. It is important to note the difference between flagging these issues because there is a U.S. tax liability vs. flagging these issue because there is a reporting requirement.

B. When talking about planning for U.S. persons or U.S. situs assets, who and what are we talking about?

- a) U.S. persons who are living in Switzerland
- b) U.S. persons who are living in U.S. with assets overseas or who travel to Europe
- c) Non U.S. persons who are planning to move to the U.S.
- d) Non U.S. persons who own U.S. assets
- e) Non U.S. persons with U.S. beneficiaries or family moving to the U.S. who may receive gifts or inheritance

C. Key Terms:

- a) “U.S. Citizen”: An individual born in the U.S., an individual whose parent is a U.S. Citizen, a former alien who has been naturalized as a U.S. Citizen or an individual born in Puerto Rico, Guam or the U.S Virgin Islands.
- b) “Green Card holder/U.S. Permanent Resident”: An individual who maintains permanent resident status in the U.S. and can be removed from the U.S. if certain conditions are not met.
- c) Non-Resident Alien (“NRA”): For *U.S. income tax* purposes, a NRA is a non-U.S. citizen who does not meet the tests for being a U.S. Resident Alien (i.e. Substantial presence or green card). For *U.S. estate tax* purposes, a NRA is someone who is not

domiciled in the U.S. Therefore, an individual may be a Resident Alien for income tax purposes but a NRA for estate and gift tax purposes.

- d) “U.S. Resident” with “Substantial Presence”: A Non-U.S. citizen who does not hold a green card but is deemed to be a U.S. Resident for income taxes purposes based on the “Substantial Presence Test”, i.e. an individual must be physically present in the United States on at least: 31 days during the current year, and 183 days during the 3-year period that includes the current year and the 2 years immediately before that, counting:
 - o All the days the individual was present in the current year, and
 - o 1/3 of the days the individual was present in the first year before the current year, and
 - o 1/6 of the days the individual was present in the second year before the current year.
- e) “U.S. Domiciliary”: A person who ¹⁾ resides in the U.S. and ²⁾ has the intent to remain in the U.S. indefinitely. A U.S. Domiciliary is subject to U.S. estate tax on *all worldwide assets*.
- f) Controlled Foreign Corporation (“CFC”): Any corporation organized outside the U.S. (a foreign corporation) that is more than 50% owned by U.S. Shareholders.
- g) Passive Foreign Investment Company (“PFIC”): A foreign-based corporation that has one of the following attributes: 1) At least 75% of the corporation's income is considered "passive", which is based on investments rather than standard operating business or 2) At least 50% of the company's assets are investments that produce interest, dividends and/or capital gains.
- h) “U.S. Gift Tax”: The U.S. gift tax is a tax on the transfer of property by one individual to another while receiving nothing, or less than full value, in return. The tax applies whether the donor intends the transfer to be a gift or not.
- i) “U.S. Estate Tax”: The U.S. estate tax is a tax on the transfer of an estate of a deceased person. It consists of an accounting of everything an individual owns or has certain interests in at the date of their death, less the individual’s debts.
- j) “Inheritance Tax”: Some jurisdictions have what is called an “Inheritance Tax”. The key difference between estate tax and inheritance tax is that inheritance tax is typically levied on the recipient of the inheritance, whereas estate tax is levied on the decedent.
- k) “Non-Grantor Trust”: With a Non-Grantor trust the grantor has relinquished dominion and control over the trust assets. A Non-Grantor trust is taxed as a separate entity and the assets are treated as being owned by the trust.
- l) “Grantor Trust”: A Grantor Trust is not considered a separate taxpayer and income, deductions and credits are reported on the grantor’s individual tax return. With this type of trust, the Grantor retains certain powers or ownership interests.
- m) “Rule Against Perpetuities”: The Rule Against Perpetuities is a complex legal doctrine which limits an individual’s ability to control future dispositions of their property. Delaware, along with several other states in the U.S., has abolished the Rule Against Perpetuities. Delaware law now allows a trust holding real estate to

continue for a period of 110 years and a trust holding personal property to continue indefinitely.

- n) “Substantial U.S. owner for FATCA”: U.S. person with more than 10% interest by vote or value in a foreign corporation, partnership or trust. For foreign investment vehicles, any percentage of ownership is reportable.

D. Planning Scenario:

As we go through the presentation, we will consider the following family scenario which we will use to point out potential U.S. tax liability and provide planning opportunities which may limit such tax liability:

- Husband (H) and Wife (W) both citizens and residents of Switzerland, have an estate worth US\$30 Million, comprised of the following assets:
 - US\$20 Million in liquid assets
 - US\$5 Million in highly appreciated foreign real estate held through a Swiss corporation
 - US\$5 Million in art work.
- H and W have a Son (S) who currently resides in U.S. as either:
 - a U.S. Domiciliary; or
 - a Non-Resident Alien (NRA)

Part II. Tax Consequences for U.S. persons and U.S. situs property

A. Is the individual subject to Income Tax?

- 1) For income tax purposes, U.S. citizens and U.S. residents are taxed on their worldwide income. An individual is a U.S. resident for income tax purposes if:
 - Green card holder
 - Substantial Presence Trust
 - i) An individual must be physically present in the United States on at least: 31 days during the current year, and 183 days during the 3-year period that includes the current year and the 2 years immediately before that, counting:
 - (1) All the days the individual was present in the current year, and
 - (2) 1/3 of the days the individual was present in the first year before the current year, and
 - (3) 1/6 of the days the individual was present in the second year before the current year.
 - First Year Election Test
 - i) A numerical formula under which an individual may pass the Substantial Presence Test one year earlier than under the normal rules
- 2) Non- U.S. residents are subject to income tax based on two factors 1) whether the Non-U.S. resident is engaged in an actual or artificial U.S. trade or business and 2) the source of the income.

B. Is the individual subject to U.S. Estate and Gift tax?

- 1) **U.S. Domicile:** For purposes of determining U.S. estate and gift tax, one looks at a person's domicile and the situs of the asset. U.S. Citizens and persons who are deemed to be "domiciled" in the U.S. are subject to U.S. estate and gift tax on all worldwide assets. A person is considered "domiciled" in the U.S. if ¹⁾ they reside in the U.S. and ²⁾ have the intent to remain in the U.S. indefinitely. As intent is often difficult to prove, the analysis of whether one is domiciled in the U.S. is based on facts and circumstances that prove the individual's intent. There are a number of factors that are examined including:
 1. The amount of time the individual spends in one location versus another
 2. The location of the individual's spouse and children
 3. The location of the individual's principal residence
 4. Where an individual's driver's license is issued or where an individual is registered to vote
 5. The location of an individual's banks and bank accounts
 6. The location of real property and investments held by an individual
 - b) While having a green card creates a presumption that the individual is domiciled in the U.S., this presumption can be rebutted with facts showing the individual's intent.
 - c) Note that unlike Swiss inheritance tax, U.S. estate tax is imposed on the deceased person's estate before a distribution is made to the beneficiaries.
-
- 2) **Non- Resident Alien:** A person is a Non-Resident Alien (NRA) if their domicile is outside of the U.S.
 - a) NRA is subject to U.S. Estate tax on all "U.S. situs property".
 1. Consider: Estate tax treaties and US\$60,000 exemption
 - b) NRA subject to U.S. gift tax on:
 1. U.S. situs real property
 2. U.S. situs tangible personal property
 3. U.S. or foreign currency or cash located within the U.S.

C. Defining U.S. Situs Property

A NRA (someone whose domicile is outside of the U.S.) is subject to U.S. Estate Tax on all U.S. situs property and is subject to U.S. gift tax on all U.S. situs real property, tangible personal property and U.S. or foreign currency or cash located within the U.S.

a. Key Considerations:

1. Is the property real or personal property?
 - a. **Real Property:** Real property is fixed property such as land or buildings. Real property physically located in the United States has a U.S. situs. Real property located outside of the U.S. has a foreign situs.

- b. Personal Property: Personal property is either classified as tangible or intangible. This distinction becomes important when determining whether the property is subject to gift tax.

2. Is the personal property real or tangible?

a. Tangible personal property:

- i. Tangible personal property is property with a physical presence and is deemed to be situated at its physical location. *i.e. Art, jewelry, gold coins, cash in a safe deposit box, furniture.* There are a number of exceptions to this general rule, including that tangible personal property that is temporarily in transit in the United States may not have a U.S. situs.

b. Intangible personal property:

- i. Intangible personal property has no physical presence. For U.S. estate tax purposes, Intangible personal property is broken down into some of the following categories in order to determine situs:
 1. Stock in a domestic corporation- U.S. situs for U.S. estate tax regardless of location of stock certificates;
 2. Stock in a foreign corporation- Foreign situs even if stock certificates are located in the U.S.;
 - a. Planning opportunity: Real property or other tangible personal property in the U.S. owned by a foreign corporation may be treated as having a foreign situs and thus not subject to U.S. estate or gift tax for a non-resident alien. Consider a two-tier ownership structure with a U.S. corporation owning the shares of the foreign corporation in order to avoid branch profits tax.
 3. Debt obligations of U.S. persons or governmental entities owned by a Non-resident alien are treated as U.S. situs property for U.S. estate tax;
 4. Bank accounts- cash on deposit with a U.S. bank or insurance company (not a brokerage firm) is not a U.S. situs asset.
 5. Proceeds of life insurance on the life of a non-resident alien are foreign situs;
 6. The value of a policy on the life of another person (i.e., the interpolated terminal reserve), issued by a U.S. licensed insurance company and owned by the decedent is U.S. situs property for U.S. estate tax;
 7. Contractual rights, goodwill, judgment debts, partnership interests, patents, trademarks, and copyrights are U.S. situs for U.S. estate tax if they are issued by or

enforceable against a resident of the U.S. or a domestic corporation or governmental unit.

- ii. For gift tax purposes, intangible personal property is not subject to gift tax regardless of where it is located.

D. U.S. Estate and Gift Tax Exemption Chart

	U.S. CITIZEN	N.R.A.
U.S. GIFT AND ESTATE TAX EXEMPTION AMOUNT	US\$5.43 Million (2015)	US\$60,000
U.S. ESTATE AND GIFT TAX RATE (2015)	40%	40%
UNLIMITED MARITAL DEDUCTION	Available to U.S. Citizen spouse	Only with Qualified Domestic Trust (QDOT)
ANNUAL GIFT	<ul style="list-style-type: none"> • Unlimited annual gift to spouse • US\$14,000 annual gift exclusion per donee 	<ul style="list-style-type: none"> • US\$145,000 annual gift to spouse • US\$14,000 annual gift exclusion per donee (no spousal gift splitting)

Part III. Planning Scenarios and issue spotting

A. Planning for U.S. Situs Assets

- a) Real Property: Options for holding title
 - i) Community Property v. Joint Tenancy
 - (1) 9 States in U.S. with marital community property regime
 - (a) Consider double step up in basis for community property ownership
 - ii) Revocable Trusts
 - (1) Revocable living trusts are an excellent tool to avoid probate which can be expensive and timely

- (2) Option to include spendthrift trust options for children with drug and alcohol problems or spousal complications
- (3) Consider income tax issues for accumulated income and choosing a jurisdiction without income tax
- iii) Business Entity
 - (1) Two-Tier ownership structure
 - (a) Individual owns shares of U.S. corporation which in turn owns shares of a foreign corporation.
 - (b) Requires:
 - (i) business purpose
 - (ii) observing corporate formalities
 - (2) Preferred jurisdictions for trusts and business entities such as LLCs:
 - (a) Delaware
 - (i) No Income Tax
 - (ii) No Rule against perpetuities
- b) Closely held operating business
- c) Other (Art, Financial accounts, cash)
 - i) Financial accounts v. cash
 - (1) Generally, cash on deposit with a U.S. bank is not considered U.S. situs and thus not subject to U.S. estate tax.
 - (2) Financial accounts with brokerage firms are considered U.S. situs and subject to U.S. estate tax.
 - ii) Art
 - (1) Evaluate whether art should be owned or loaned

B. Planning for Wealth Transfers to U.S. Persons or U.S. Domiciliaries

- a) Pre-Immigration Planning
 - i) Obtaining U.S. Citizenship v. Green card
 - (1) Substantial Presence for income tax
 - (2) Intent matters; understanding intent as it relates to domicile for U.S. estate tax
 - (3) Consider citizenship to take advantage of estate and gift tax exemption amount
- b) Gifting to U.S. persons
 - i) Cost basis of inheritance v. Gift
 - (1) When an individual inherits an asset, the cost basis of the asset is “stepped up” to the value on the date of death. If the inherited asset was highly appreciated, the individual who inherits the asset will not be responsible for paying capital gains on the increase in value from when the asset was purchased. Instead, the individual will only be responsible for paying capital gains that may occur from the point the individual inherits the asset and then later sells it.
 - (2) In contrast, a gift does not receive a step up in basis so an individual who sells a gift will have to pay capital gains tax on the increase in value from the date

the gift was originally purchased plus an increase in basis based on the gift tax paid by the donor with respect to the gift.

- ii) U.S. situs property subject to U.S. estate tax and gift tax reporting
- iii) Appropriateness of outright gift v. gift held in trust
 - (1) Consider whether situs of asset is in a country that has ratified the Hague Trust Convention
- iv) Situs of gifted asset
 - (1) Planning for future U.S. estate tax and transfer issues
 - (2) Reporting and compliance for foreign assets
 - (a) Gift to a U.S. person from a Non-U.S. person of over US\$100,000 must be reported
 - (b) Gifts to a U.S. person valued at more than US\$13,258 (adjusted for inflation) from a foreign corporation or foreign partnership must be reported
- c) Asset Protection
 - i) A trust may be a beneficial tool for asset protection. The U.S. is a litigious society and many states are community property jurisdictions so utilizing a trust could provide a layer of protection against judgments and divorce.

C. Life insurance as an Alternative Planning Tool

- a) Avoid complex planning and provide liquidity for U.S. estate tax with life insurance

D. Reviewing foreign planning

- a) Foundation; trust v. corporation
- b) Beneficiary Designations
 - i) Review account titling and consider adding a Trust as a beneficiary

U.S. COMMUNITY PROPERTY STATES

Exhibit "A"

1. Arizona
2. California
3. Idaho
4. Louisiana
5. Nevada
6. New Mexico
7. Texas
8. Washington
9. Wisconsin

U.S. STATES

WITH STATE ESTATE OR INHERITANCE TAX

Exhibit "B"

1. Connecticut - estate tax and gift tax
2. Delaware - estate tax
3. District of Columbia - estate tax
4. Hawaii - estate tax
5. Illinois - estate tax
6. Iowa - inheritance tax
7. Kentucky - inheritance tax
8. Maine - estate tax
9. Maryland - estate tax and inheritance tax
10. Massachusetts - estate tax
11. Minnesota - estate tax
12. Nebraska - inheritance tax
13. New Jersey - estate tax and inheritance tax
14. New York - estate tax
15. Oregon - estate tax
16. Pennsylvania - inheritance tax
17. Rhode Island - estate tax
18. Tennessee - estate tax
19. Vermont - estate tax
20. Washington - estate tax

*For U.S states, estate tax typically uses a single tax rate to tax the entire value of an individual's estate while inheritance tax often applies different tax rate schedules to bequests made to different classes of beneficiaries (i.e. different rate for spouse and children than to distant relatives).

U.S. STATE INCOME TAX RATES

Exhibit "C"

Alabama	2% - 5%	South Dakota	No Income Tax
Alaska	No Income Tax	Tennessee	6%
Arizona	2.59% - 4.54%	Texas	No Income Tax
Arkansas	1% - 7%	Utah	5%
California	1% - 13.3%	Vermont	3.55% - 8.95%
Colorado	4.63%	Virginia	2% - 5.75%
Connecticut	3% - 6.7%	Washington	No Income Tax
Delaware	2.2% - 6.6%	West Virginia	3% - 6.5%
District of Columbia	4% - 8.95%	Wisconsin	4% - 7.65%
Florida	No Income Tax	Wyoming	No Income Tax
Georgia	1% - 6%		
Hawaii	1.4% - 11%		
Idaho	1.6% - 7.4%		
Illinois	5%		
Indiana	3.4%		
Iowa	0.36% - 8.98%		
Kansas	2.7% - 4.9%		
Kentucky	2% - 6%		
Louisiana	2% - 6%		
Maine	6.5% - 7.95%		
Maryland	2% - 5.75%		
Massachusetts	5.25%		
Michigan	4.25%		
Minnesota	5.35% - 9.85%		
Mississippi	3% - 5%		
Missouri	1.5% - 6%		
Montana	1% - 6.9%		
Nebraska	2.46% - 6.84%		
Nevada	No Income Tax		
New Hampshire	5%		
New Jersey	1.4% - 8.97%		
New Mexico	1.7% - 4.9%		
New York	4% - 8.82%		
North Carolina	5.8%		
North Dakota	1.51% - 3.99%		
Ohio	0.54% - 5.39%		
Oklahoma	0.5% - 5.25%		
Oregon	5% - 9.9%		
Pennsylvania	3.07%		
Rhode Island	3.75% - 5.99%		
South Carolina	0% - 7%		

U.S. INCOME TAX TREATIES

Exhibit "D"

1. Armenia
2. Australia
3. Austria
4. Azerbaijan
5. Bangladesh
6. Barbados
7. Belarus
8. Belgium
9. Bulgaria
10. Canada
11. China
12. Cyprus
13. Czech Republic
14. Denmark
15. Egypt
16. Estonia
17. Finland
18. France
19. Georgia
20. Germany
21. Greece
22. Hungary
23. Iceland
24. India
25. Indonesia
26. Ireland
27. Israel
28. Italy
29. Jamaica
30. Japan
31. Kazakhstan
32. Korea
33. Kyrgyzstan
34. Latvia
35. Lithuania
36. Luxembourg
37. Malta
38. Mexico
39. Moldova
40. Morocco
41. Netherlands
42. New Zealand
43. Norway
44. Pakistan
45. Philippines
46. Poland
47. Portugal
48. Romania
49. Russia
50. Slovak Republic
51. Slovenia
52. South Africa
53. Spain
54. Sri Lanka
55. Sweden
56. Switzerland
57. Tajikistan
58. Thailand
59. Trinidad
60. Tunisia
61. Turkey
62. Turkmenistan
63. Ukraine
64. Union of Soviet Socialist
Republics (USSR)
65. United Kingdom
66. United States Model
67. Uzbekistan
68. Venezuela

ESTATE AND GIFT TAX TREATIES

Exhibit "E"

Country	Separate Estate	Separate Gift	Combined E & G	Other	Signed	Transfers made on or after:	Comments
Australia	No	Yes	No	No	5305	12/14/53	PR-UC
Australia	Yes	No	No	No	5305	01/07/54	old * PR-UC
Austria	No	No	Yes	No	8206	07/01/83	new *
Belgium	Yes	No	No	No	5405	not yet	old no effect
Canada	No	No	No	1995 Protocol	9503	11/09/95 **	estate tax only PR-UC
Denmark	No	No	Yes	No	8304	11/07/84	new
Finland	Yes	No	No	No	5203	12/18/52	old PR-UC
France	No	No	Yes	No	7811	10/01/80	new PR-UC (Protocol)
Germany	No	No	Yes	No	8012	01/01/79	new PR-UC (Protocol)
Greece	Yes	No	No	No	5002	12/30/53	old PR-UC
Ireland	Yes	No	No	No	4909	12/20/51	old
Italy	Yes	No	No	No	5503	10/26/56	old PR-UC
Japan	No	No	Yes	No	5404	04/01/55	old PR-UC
Netherlands	Yes	No	No	No	6907	02/03/71	new
Norway	Yes	No	No	No	4906	12/11/51	old PR-UC
South Africa	Yes	No	No	No	4704	07/15/52	old
Sweden	No	No	Yes	No	8306	09/05/84 (through 12/31/07)	new (terminated 01/01/08)
Switzerland	Yes	No	No	No	5107	09/17/52	old PR-UC
U.K.	No	No	Yes	No	7810	11/11/79	new

* old or new refers to whether the treaty has the "old" situs rules, or the "new" provisions that generally restrict the U.S. to taxing nonresident aliens' U.S. real estate and business property.

** the 1995 Protocol had retroactive effect to TAMRA. Claims for refund based upon the treaty had to be filed by 11/09/96.

"PR-UC" in comments section above refers to a pro-rata unified credit provision. (The pro-rata unified credit provisions in the German and French treaties apply only to estate tax, not to gift tax.)

<http://www.irs.gov/Businesses/Small-Businesses-&-Self-Employed/Estate-&-Gift-Tax-Treaties-International>

TODD DOUGLASS HALL. Mr. Hall is a partner at the law firm Teeple Hall, LLP. Mr. Hall's practice focuses on private client services for high net worth families, family offices and their advisors. Mr. Hall's particular expertise ranges from general estate planning to complex international tax matters, asset protection planning and investment vehicle structuring. These multifaceted plans often encompass issues of cross-border estate planning and asset structuring, integration of privately held businesses into estate plans, design of multi-generational wealth transfer structures, succession planning, risk analysis, identification and introduction of third party advisors necessary to implement complex estate plans, compliance and ongoing maintenance concerns, pre- and post-marital planning, and support for litigation matters.

As an integral part of the provision of the highest level of service to high net worth clients, Mr. Hall dedicates himself to continuing education and the development of necessary resources on a worldwide basis. Mr. Hall travels extensively both domestically and internationally to stay abreast of the latest issues impacting the high net worth client and to expand contacts with other professionals, private banks, trust companies and other service providers which are instrumental in the design and maintenance of advanced estate plans.

Mr. Hall obtained his Juris Doctor from California Western School of Law and holds a Bachelor of Arts in Economics from Southern Methodist University.

This outline is intended as a general overview of some of the key factors and rules with regards to U.S. estate, gift and income tax rules. This outline is not intended as a formal guide or treatise and is not intended as legal advice. Any U.S. tax information contained in this outline was not written or intended to be used to avoid U.S. tax or reporting requirements.