

Transferring Wealth to US Beneficiaries “Tax and Legal Challenges”

IWP San Diego
30-Aug-2012

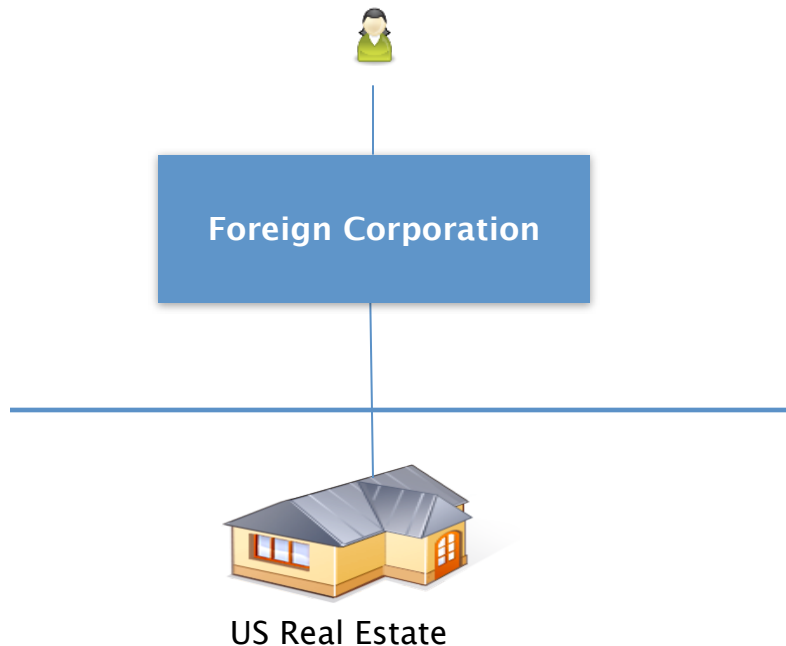
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RIVERA & SCHUMACHER, APC
A PROFESSIONAL LAW CORPORATION

US Assets

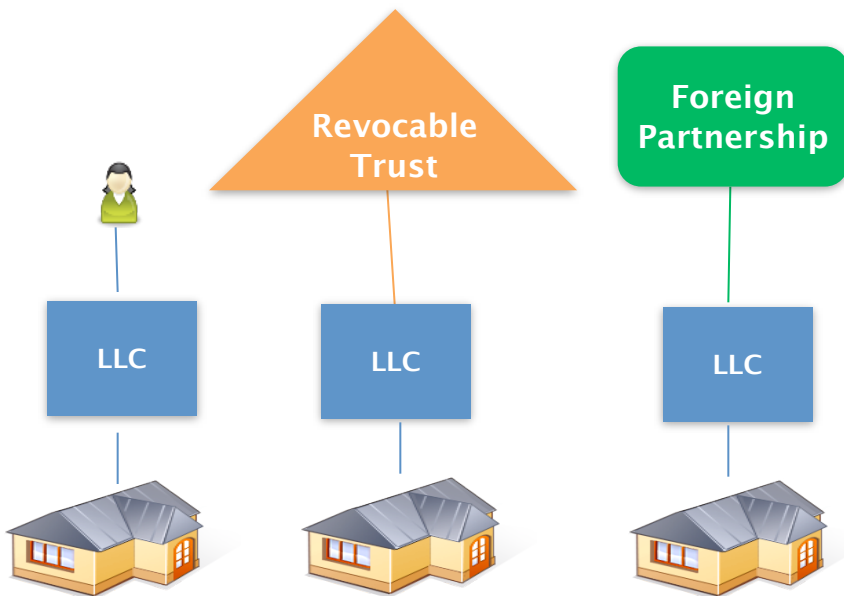
Real Estate



- **GIFT**
 - No gift tax
 - Foreign Gift (Form 3520)
 - Transferred basis
- **INHERITANCE**
 - No Estate Tax
 - Step-up in basis (stock)
 - CFC (Form 5471)
 - Liquidate – Corporate Tax
 - Domestication
 - S Election
 - In US Child's estate

US Assets

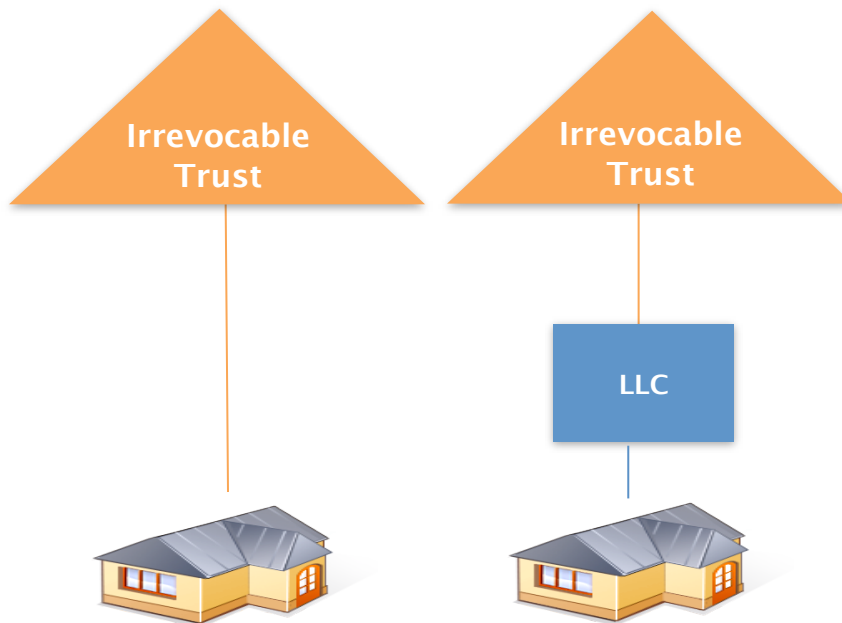
Real Estate



- **GIFT**
 - LCC Interests intangibles?
 - Transferred basis
- **INHERITANCE**
 - No Estate Tax?
 - Step-up in Basis
 - Not in US Child's estate if Trust is used.

US Assets

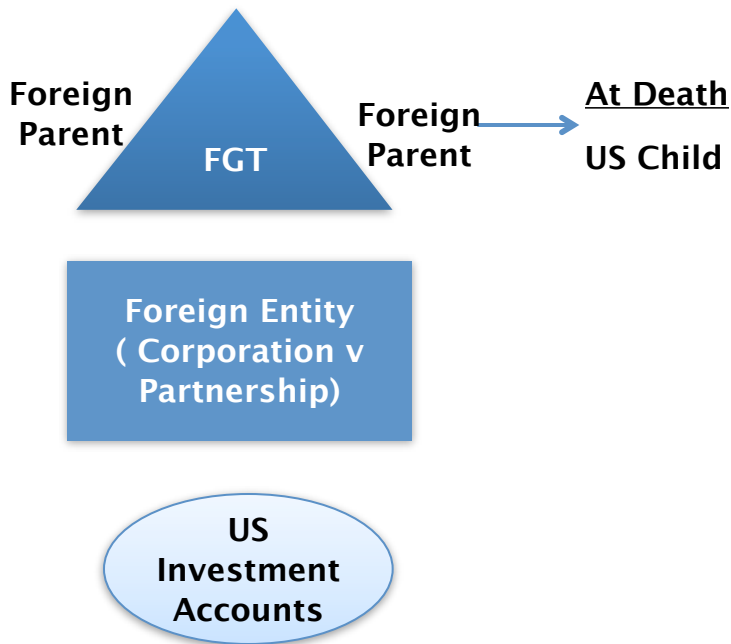
Real Estate



- GIFT
 - Funding of Trust
 - Transfer foreign funds
 - Transfer LLC interests
- INHERITANCE
 - No Estate Tax
 - Section 2036
 - Rent
 - LLC
 - No Step-up in Basis
 - Not in US Child's estate
 - Foreign Trust v US Trust

US Assets

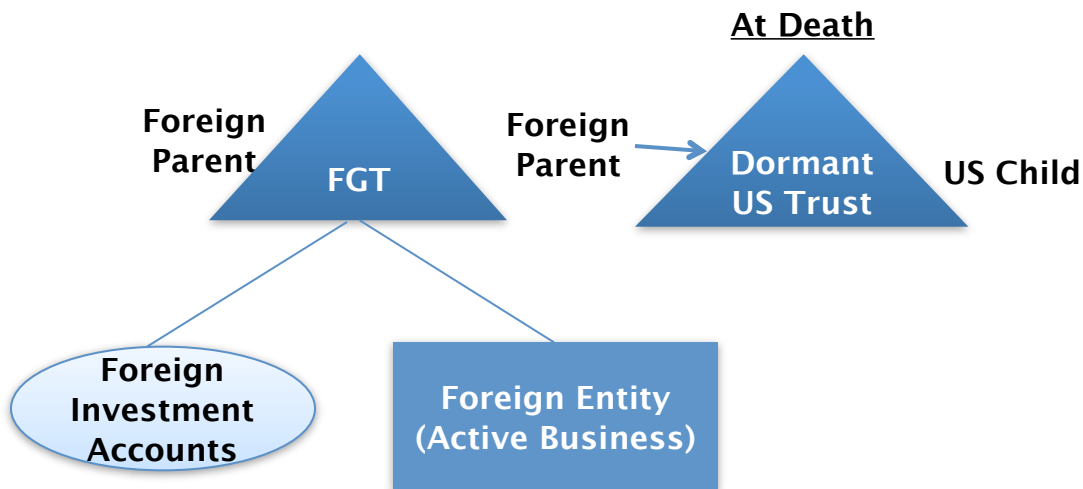
Investment Accounts



- GIFT
 - Foreign Gift (Form 3520)
- INHERITANCE
 - Non-grantor Trust (foreign v US)
 - Throwback Tax
 - CFC/PFIC (Form 5471/8621)
 - Step up in basis
 - Liquidate (30 days)
 - Elect to treat as Partnership
 - Domestic Trust
 - Terminate Trust (allowed?)
 - Change Investment positions
 - In US Child estate

Foreign Assets

Investment Accounts / Business Interests



- GIFT
 - Domestic considerations
 - Value of estate of US Child
- INHERITANCE
 - Domestic considerations
 - FGT v IDGT
 - No accumulation of income (Throwback Tax)
 - General power of appointment
 - Form 3520
 - Step up in basis