

U.S. Estate Tax – Old Rules – Possibly New Law

Transnational Tax Network Conference

Miami – May 5, 2017

New York – May 8, 2017

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1. U.S. Citizen/Domicile

- a. Worldwide Assets
- b. Exemption (\$5,490,000)
- c. Who is Domiciled
 - 1) Not Income Tax Test of Residency
 - 2) Green card Holder
 - 3) Diplomat
 - 4) Political Asylum



2. Not U.S. Domiciled

a. U.S. Assets Only

- 1) Not portfolio debt
- 2) Not bank account
- 3) Not foreign corp/even if it owns U.S. corp. or U.S. real Estate
- 4) U.S. Partnership

b. \$60,000 exemption

c. Gift Tax Rules Different than Estate Rules



3. At death foreigner owns

- a. U.S. bank account
- b. Bank brokerage account which has:
 - 1) U.S. stock
 - 2) Foreign stock
 - 3) Private equity real estate partnerships
- c. U.S. mutual fund
- d. Foreign mutual fund



4. What if:

a. Joint brokerage account

1) Tracing

2) Community property

5. Pay estate tax

6. Affidavit



7. New Proposal

a. Repeal Estate Tax

- 1) Lose Stepped Up Cost Basis at income tax when sold?
- 2) Deemed sale at death with immediate income tax – evidence?
- 3) Allocation of Assets

b. If Repealed for How Long?