

## What if You or Any of Your Beneficiaries Have U.S. “Connections”?

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At this difficult time, with all of us isolated for so long and the constant threat of contracting COVID-19 ever present, the members of the Aird & Berlis Estates and Trusts Group are contacted daily by existing clients, as well as new ones.

Many people are soberly reflecting on their own circumstances. Fearful of being exposed to infection, illness and, from the statistics forced upon us daily, death, there is a great deal of internalizing about what would happen to their family if they were stricken.

We are sure that many of our readers will want to ensure their planning is up-to-date. For our readers who are advisors, it is important to ensure that your clients’ planning is also up-to-date. To that end, we have produced a weekly series of Alerts which will provide basic information in response to questions we are frequently asked.

Last week we looked at what will happen if you die without a valid will.

Now let’s get to this week’s question:

## What if You or Any of Your Beneficiaries Have U.S. “Connections”?

It is essential to realize that if you, or a beneficiary of your estate, have U.S. “connections”, there could be exposure to U.S. Federal Estate Tax, with substantial negative consequences.

Those exposed to U.S. Estate Tax are known as “U.S. Persons”. “U.S. Persons” include several categories of individuals, such as non-resident citizens. Many individuals who live in Canada fall into that category without even realizing it.

A typical example is a person born in the United States, but whose family moved to Canada shortly after birth, who later became a citizen of Canada and never returned to reside in the United States. Unless U.S. citizenship was formally revoked, that Canadian remains a U.S. Person, liable to file income tax returns in the United States during lifetime and exposed to the effects of U.S. law on any benefit received under a Canadian’s will! The estate of somebody falling into the category of a U.S. Person is also exposed to U.S. Estate Tax.

The provisions of U.S. Estate Tax are complex and cannot be particularized in this kind of an Advisory.

Suffice it to say that if there is any question about your status, or the status of any beneficiary of your estate, you should be seeking advice from your legal counsel about this difficult subject.

***Next week, read our last column, which will wrap up our Alerts.***

***In the meantime, if you have any questions that you would like us to address in future issues, please contact a member of our Estates & Trusts Group.***

This communication offers general comments on legal developments of concern to business organizations and individuals and is not intended to provide legal advice. Readers should seek professional legal advice on the particular issues that concern them.