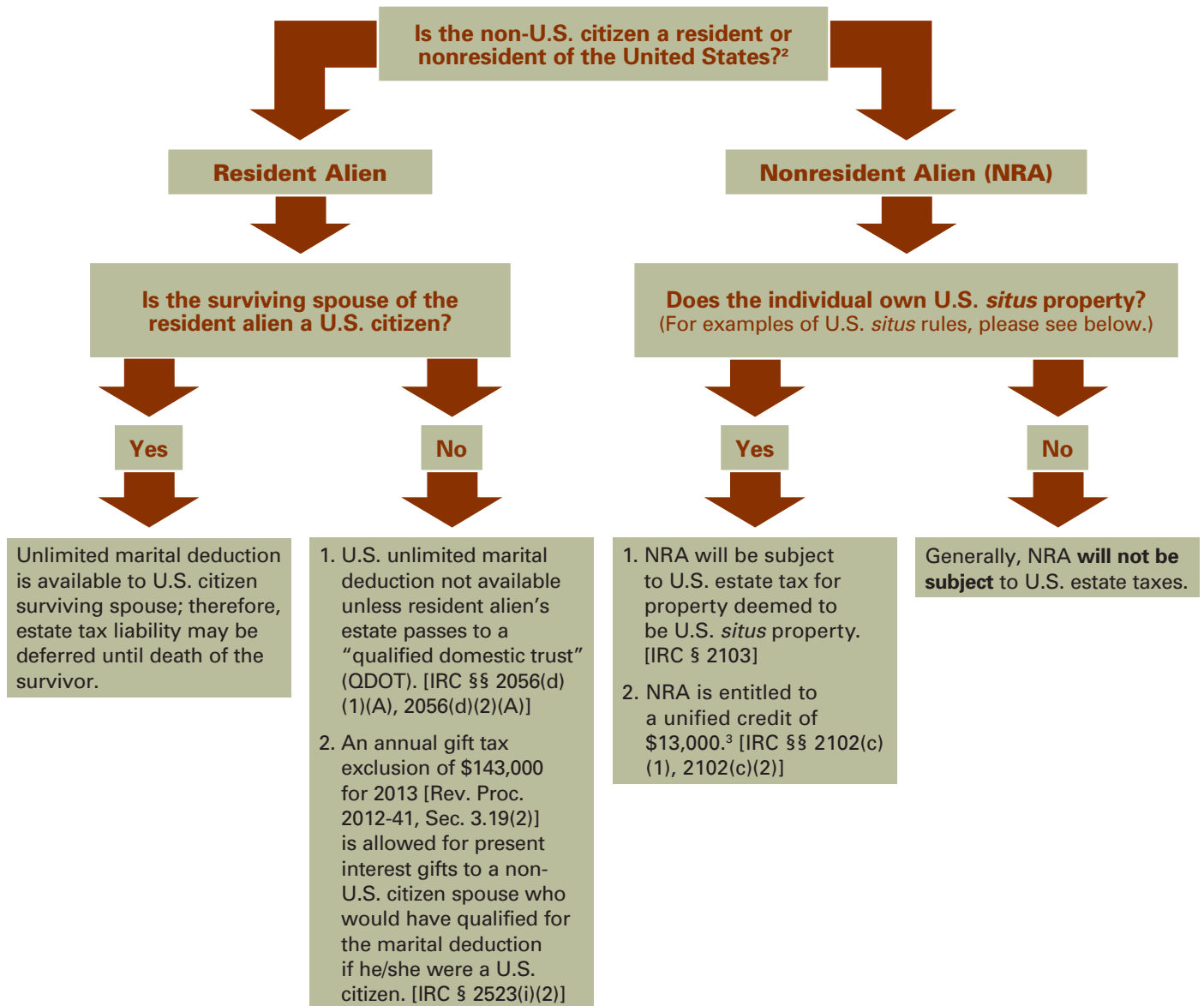




ESTATE TAX EXPOSURE FOR NON-U.S. CITIZENS

Flowchart

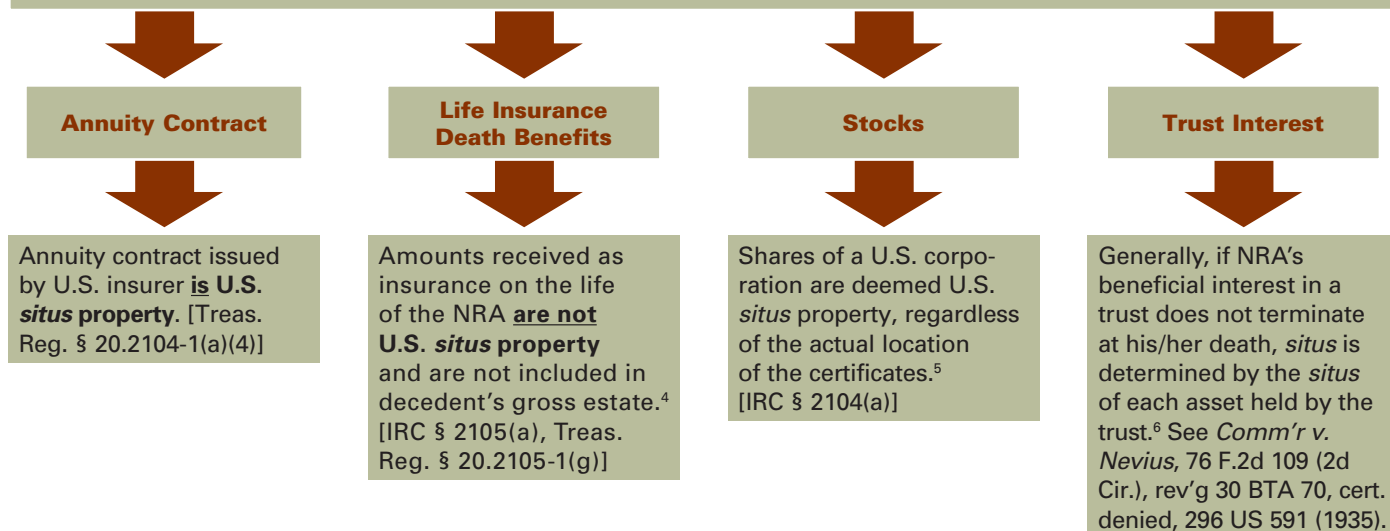


¹ Please note that this chart reflects general treatment based on U.S. federal estate and income tax laws. The definition of a resident for income tax purposes is different than the definition for estate tax purposes. Please consult with and rely on a qualified tax advisor in all tax matters. A valid tax treaty between the U.S. and the nation of which the individual is a citizen or resident may modify or completely alter the rules set forth in this flow chart. Currently, the following countries have treaties related to taxes imposed by reason of death: Australia, Austria, Canada, Denmark, Finland, France, Germany, Greece, Ireland, Italy, Japan, the Netherlands, South Africa, Switzerland and the United Kingdom.

² A person is a U.S. resident for estate tax purposes if, at the time of his/her death, he/she is domiciled in the U.S. A person's domicile is determined by examining the intent of the person. If a person lives in the U.S., even for a brief period, and has "no definite present intention" of leaving, he/she will be deemed to have acquired a domicile in the U.S. Treas. [Reg. § 25.2501-1(b)]

³ Please note that this credit applies against the tax. As a result, the NRA can effectively shelter approximately \$60,000 of otherwise taxable assets.

Examples of U.S. Property *Situs* Rules, IRC §§ 2103–2105



⁴ The regulations limit this exemption to amounts received as insurance on decedent's life. *Situs* for purposes of cash surrender value in a policy owned by decedent on the life of another will be determined based on the location of the policy issuer. [Sec. 2104(c)]

⁵ Under most estate tax treaties, the *situs* of corporate stock is determined by the domicile of the decedent, regardless of where the corporation is organized.

⁶ If the NRA dies holding a general power of appointment in a trust created by another, trust assets subject to that power that are U.S. *situs* property are also likely to be included in the NRA's estate. See *Comm'r v. Nevius*, 76 F.2d 109 (2d Cir.), rev'g 30 BTA 70, cert. denied, 296 US 591 (1935).

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