

March, 2013

Are you a Canadian unwittingly exposed to US Estate taxes?

Canadian residents (who are not US citizens) who may pass away while owning US property (real estate, stocks, US bonds, including in RRSPs & RRIFS, etc) with a market value over \$60,000 and estate value over the US estate tax exclusion amount (\$5 million at the moment) may be subject to US estate tax upon their death: But only on US assets held at the time of death versus an American citizen for whom the estate tax is on the whole estate. The highest US estate tax rate increased to a maximum of 40%.

There was a plan to reduce the exclusion amount for US estates (non-taxable component) from \$5 million to only \$1 million. That did not happen. However, I recommend that your accountant monitor this for you should it change to a lower amount, which will catch up many more Canadians in potentially owing US Estate taxes on US stocks/ real estate on their death. US assets held in a corporation or a trust may well be exempt, check with your tax lawyer/accountant.

Given the US budget problems, they will continue to look for ways to raise money. Please discuss this with your tax advisor, each year, to look for changes which may affect you.

Please feel free to pass this along to your friends that this may affect. They are also welcome to call me if they wish.

Sincerely,

Ted Clarkson

Vice President

Investment Advisor

BMO Nesbitt Burns

(416) 359-4690

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