

themselves more at home there than in the US, and who are looking to simplify their financial affairs for both themselves and their loved ones. Some are “accidental Americans” who happened to have been born in the US or to an American parent abroad. Others have ended up spending most of their lives elsewhere and have

naturalised as citizens of another country. For all, some combination of complex US information-reporting laws, potential for double taxation, stiff noncompliance penalties, increased enforcement actions through non-US banks, the requirement to file annual US tax returns even when no tax is owed,

and the specter of the ever-changing US estate tax becomes enough to recommend giving up citizenship.

For practitioners interested in more details, Alexander Marino and Kevin Kirkpatrick wrote a short article available on www.ggiform.com.

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Moodys Gartner Tax Law LLP has one single focus: tax. They provide tax advisory and planning for individuals with personal and business interests on either side of the Canada-US border, no matter where they live in the world.

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a background in cross-border tax law and accounting, his forward-thinking approach allows him to analyse the intricacies of the law and the tax code, and simplify the often overwhelming situation for his clients.



When do You Need to Inform the German Tax Authorities? Donations and Inheritances

By Oliver Biernat

We are often approached by foreigners asking if they have to file an inheritance tax return in Germany as the decedent lived in Germany or assets inherited are in Germany. Let's shed some light on this matter.

Tax liability

Among others, an unlimited tax liability arises on inheritances and

donations if the testator is a resident at the time of his death, the donor at the time of the execution of the gift or the acquirer at the time when the tax arises for the entire accumulation of assets. The following are considered to be residents:

- natural persons who have a domicile or habitual residence in Germany.
- German nationals who have not resided abroad for more than

five years without having a place of residence in Germany.

- German nationals who have neither a domicile nor a habitual residence in Germany, and are in an employment relationship with a domestic legal entity under public law and in return receive wages from a domestic public fund, and members of their household who are German nationals.



Domestic assets within the meaning of §121 of the Valuation Act can create a limited tax liability in Germany, even if neither the testator nor the heir reside in Germany.

Notification

Every heir must notify the relevant inheritance tax office in writing of any benefits (gifts, inheritances) within three months of becoming aware of the acquisition or the occurrence of the obligation. In case of donations, this obligation also applies to the donor. Exceptions apply if the acquisition is based on a tax law passed by a German court, a German notary public or consul dispositioned by will and the relationship to the testator undoubtedly results from this order. This does not apply if real estate, business assets, shares in corporations that are not subject to the disclosure obligation or foreign assets are part of the acquisition. In this case, a report to the tax office is still required. A notification is not required if a gift is legally or notari ally given among living persons.

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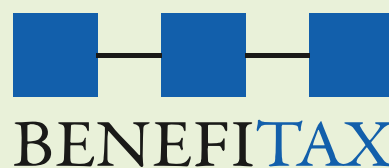
Benefitax GmbH is a tax consultancy and public auditing company located in Frankfurt, which is widely recognised as the financial centre of Germany. Benefitax predominantly serves German entities of foreign multinational groups, mid-size German companies with cross-border activities and wealthy private individuals.

Oliver Biernat is Founder and Managing



Oliver Biernat

Partner of Benefitax. He is a German Chartered Accountant, Certified Tax Advisor and Specialist Advisor for International Taxation with more than 20 years of experience. Since 2008, he has chaired GGI's International Taxation Practice Group (ITPG), increasing its size to more than 570 experts from 90 countries in the process.



Consequences

If the notification is omitted, tax evasion may occur if the tax-free amounts are exceeded. Tax evasion

can also occur if taxes are not determined in good time. Be careful.