
Inheritance from a foreigner

Posted by C. Lochen - 2008/06/11 05:49

Client is to receive money from a relative overseas. Are there any taxes on the receipt of an inheritance? The money s coming from Poland ~ \$115k. Should the client hire an attorney in Poland to make sure that there are no taxes due on the Polish end?

I dont think there are any taxes on inheritances, but i wanted to make sure. Thanks in advance,

Regards,

C. Lochen

Re:Inheritance from a foreigner

Posted by Miami LS - 2008/06/11 16:38

Inheritances are not taxed, but if you receive an inheritance from a decedent in another country then you need to report the receipt of property on Form 3520 (i.e. Receipt of Foreign Gifts) and attached the form to your income tax return.

I would definatley contact an attorney in the foreign country and make sure that the property is transferring un-encumbered so you dont have problems later.

Interesting issue, doesnt happen that often. But now with every transfer of money being suspect of a crime or helping terroisim, you want to make sure that you report it properly.

Good luck.

Re:Inheritance from a foreigner

Posted by sbaco - 2008/06/17 05:07

My mother inherited about \$75,000 in 2005 form her mother in the UK. I checked with my mother and reviewed her tax return and she did not file form 3520. So, we asked her taxpreparer why she did not file form 3520 and the taxpreparer said she was not aware of the form. The taxpreparer said she would amend my mother's tax return and add that form.

My question is: if my mother amends her return to add form 3520 will that cause her to get audited? What is the penalty for not filing this form? What should i have my mother do?

Thank you.
