

US Federal Estate Tax

June 2011

Having originally planned to end its Federal Estate Tax (inheritance duty) in 2010, the USA has now reinstated it retroactively from January 1, 2010. This is to inform you that this tax might have implications for your estate, even if you do not live in the USA or are not an US citizen.

US Federal Estate Tax applies to estates of US citizens and of persons resident in the USA (known as «US persons»). However, it is also applicable to estates of persons who were neither US citizens nor residents of the USA, when certain assets (known as «US situs assets») form part of the estate.

«US situs assets» is a term of US tax law. Essentially it comprises assets which have a certain link to the USA, in particular:

1. real estate and movable assets located in the USA;
2. shares in companies founded under US law, regardless of the stock market of listing or place of holding/custody of the securities;
3. certain US bonds;
4. investment funds (fund units) issued by US institutions;
5. financial instruments and certain other contractual rights, where US institutions are the debtors.

Some of these assets may be held at our bank in your safekeeping account or under an asset management mandate. In principle, US Federal Estate Tax is levied when the total value of all «US situs assets» in an estate exceeds USD 60,000. However, a higher tax allowance or a tax exemption may apply under inheritance tax conventions between the USA and the decedent's country of residence.

It is neither permissible nor possible for Zürcher Kantonalbank and its employees to advise you in this matter. We therefore recommend you to consider obtaining professional advice from a qualified US tax consultant, who can also inform you about the relevant declaration obligations (obligations to register with the US tax authorities).