



LEGEX - White Paper 02

Comparative Study on International Inheritance Taxation

Connecting factors, double taxation and cross-border wealth planning

Abstract

This White Paper provides a comparative analysis of the main models of international inheritance taxation, with particular focus on the connecting factors used by jurisdictions to bring transfers mortis causa within their taxing rights. The increasing mobility of high-net-worth families, the geographical dispersion of assets and the use of instruments such as trusts, foundations, holding companies and life insurance policies make it increasingly common for several States to assert taxing rights over the same estate. The study distinguishes between systems based on the position of the deceased, systems based on the heir or beneficiary, territorial models based on the situs of assets, and jurisdictions with no genuine inheritance tax but not necessarily no taxation at death.

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Figure 1

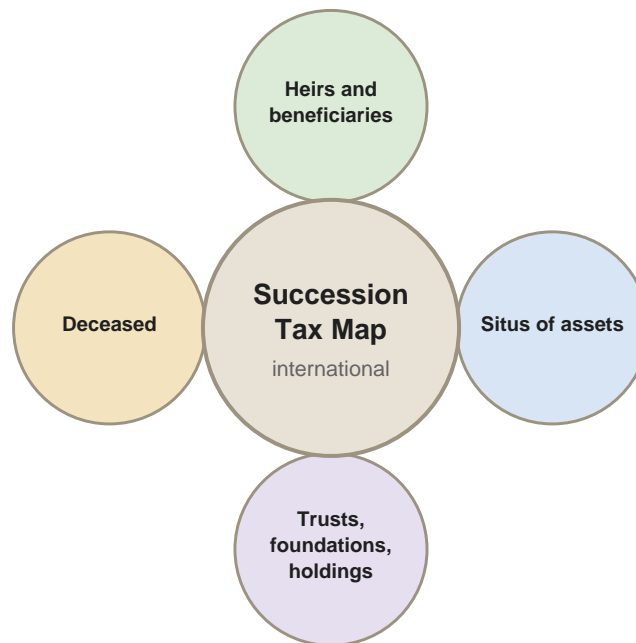


Figure 1: International inheritance taxation requires a coordinated mapping of the settlor's or deceased's residence, the status of heirs, the location of assets and the instruments used for wealth governance.

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Introduction

International succession is no longer a purely domestic event. For a growing share of entrepreneurial families and complex private estates, the generational transfer of wealth simultaneously involves several jurisdictions: the deceased may be resident in one State, a citizen of another, fiscally domiciled in a common-law jurisdiction, owner of real estate in multiple countries and settlor of trusts, foundations, holding companies or life insurance policies governed by foreign laws.

Heirs are also increasingly spread across different jurisdictions. One child may be resident in France, another in the United Kingdom, a third in the United States; the estate may include Italian shareholdings, Spanish real estate, Swiss accounts, a Luxembourg holding company, a Luxembourg or Irish life policy, a trust established in Jersey or Singapore and shares in real estate companies in the United Arab Emirates.

In this scenario, the main risk is not merely the nominal inheritance tax rate. The real risk is the cumulative effect of different connecting factors: residence of the deceased, domicile, citizenship, residence of the heir, situs of assets, location of intermediaries, location of real estate, governing law of a trust or foundation and fiscal qualification of a life insurance policy.

International inheritance taxation therefore requires a change of perspective. It is not enough to ask where inheritance tax is lowest. The relevant questions are which jurisdictions may tax, which assets may be taxed, in whose hands, with which foreign tax credits and with what risk of double taxation.

The LEGEX point

In international estates, the issue is not to choose the most favourable jurisdiction in the abstract, but to build a coherent fiscal geography between family, assets and governance instruments.

1. Inheritance taxation as a new frontier of international wealth planning

Succession planning is now a structural component of international wealth planning. It does not concern only the transfer of assets at death, but the continuity of family governance, the business, liquidity, asset protection and fiscal coherence of the structure.

In international estates, succession is no longer a final act, but a phase of wealth governance.

Three trends explain this evolution. The first is the mobility of individuals: entrepreneurs, investors and high-net-worth families increasingly choose residence according to tax, lifestyle, safety, market-access and political-stability factors. The second is the mobility of assets: real estate, shareholdings, financial portfolios and works of art are spread across multiple jurisdictions. The third is the mobility of legal instruments: trusts, foundations, holding companies, family investment companies, life policies and patrimonial funds are often established in States other than those in which beneficiaries reside.

This produces an operational consequence: succession must be planned on several levels. The first level is subjective: deceased, spouse, heirs, beneficiaries, trustee, protector, directors, shareholders and beneficial owners. The second is objective: real estate, shareholdings, bank accounts, financial instruments, businesses, receivables, life policies, art, crypto-assets and registered assets. The third is structural: trusts, foundations, holding companies, shareholders' agreements, family arrangements, wills, insurance policies and articles of association.

The succession tax map therefore becomes the central tool: a dynamic map linking persons, assets, States, instruments and potential taxes.

Graphic summary of the models

<p>Deceased</p> <p>Taxation connected to the residence, domicile or citizenship of the deceased.</p>	<p>Heir</p> <p>Taxation connected to the residence or fiscal status of the beneficiary.</p>
<p>Situs</p> <p>Taxation focused on real estate, shares or assets located in the State.</p>	<p>No inheritance tax</p> <p>Possible tax effects through CGT, deemed disposal, stamp duties or probate fees.</p>

2. Connecting factors: deceased, heir, situs and mixed models

2.1 Systems based on the deceased

In systems based on the deceased, the main tax trigger is the fiscal position of the deceased. The jurisdiction taxes because the deceased was resident, domiciled, a citizen or otherwise fiscally connected to the State.

This category includes, with significant differences, Italy, the United Kingdom, the United States, the Netherlands, Belgium, Luxembourg, Denmark, Switzerland and South Africa. In these systems, the central issue is whether the deceased was subject to unlimited tax liability and, therefore, whether the worldwide estate may be brought within the tax base.

The United Kingdom remains a paradigmatic case for the concepts of domicile and deemed domicile. In the United States, the system revolves around citizenship, domicile and US situs assets. In the Netherlands, the deemed residence of Dutch citizens who emigrated is significant. In Belgium, the region of residence of the deceased is decisive.

2.2 Systems based on the heir or beneficiary

Beneficiary-based systems are particularly sensitive for international families because they may tax a foreign succession simply because the heir resides in the jurisdiction.

France, Ireland, Finland and Poland are significant examples. France may bring worldwide assets within the tax net when the beneficiary has been fiscally resident for a qualified period; Ireland applies Capital Acquisitions Tax by reference to the beneficiary, the disponent or the situs of the asset; Finland taxes a resident heir also on foreign inheritances; Poland gives relevance to the citizenship or habitual presence of the beneficiary.

These systems require planning by beneficiary line: the same succession may be neutral for one heir and taxable for another.

2.3 Situs-based systems

Situs-based systems primarily tax assets located within the State. They often include jurisdictions that do not apply a general inheritance tax but retain levies on real estate, local shareholdings, registered assets or documented transfers.

Portugal, Malta, Hungary and Bulgaria for foreign deceased persons are recurrent examples. Singapore and Hong Kong, although estate duty has been abolished, remain relevant for the administration of local assets and for succession or probate effects.

In these cases, asset-by-asset mapping is more important than the overall residence position of the family.

2.4 Systems with no general inheritance tax, but not fiscally neutral

The absence of inheritance tax does not necessarily mean the absence of taxation at death.

Canada, Australia, Israel, New Zealand, Austria, Sweden, Norway, Cyprus and the Czech Republic do not apply a genuine general inheritance tax, but they may generate tax effects through capital gains tax, deemed disposition, real estate taxes, probate fees, stamp duties or specific rules on trusts and pension assets.

The correct question, therefore, is not only whether an inheritance tax exists, but which tax event arises at death and in whose hands.

3. The comparative map of international inheritance taxation

The following table is the operational core of the White Paper. It does not replace local advice, but it makes it possible to classify jurisdictions by connecting factors, risk level and planning instruments.

Europe and EU

Jurisdiction	Model	Main link	Foreign assets	Burden	Planning tools	Favourability	Operational alert
Italy	Inheritance/gift tax	Residence of deceased; situs for non-residents	Yes, if deceased resident	Low/medium	Holdings, family arrangements, trusts, life policies	Medium-high	Coordinate foreign assets, trusts and indirect taxes
France	Broad inheritance tax	Deceased, beneficiary, situs	Yes, in many cases	High	Assurance-vie, gifts, holdings, demembrement	Low	Very broad connecting factors
Germany	Erbschaftsteuer	Residence of deceased or beneficiary; situs	Yes, if personal nexus	Medium/high	Family holdings, foundations, periodic gifts	Medium	Ten-year aggregation and residence of heirs
Spain	Regional inheritance/gift tax	Beneficiary residence, Autonomous Community, situs	Yes, for residents	Variable	Regional planning, holdings, insurance	Variable	Strong territorial differentiation
Portugal	Stamp duty	Situs of Portuguese assets	Generally no	Low/medium	Policies, holdings, residence planning	High	Portuguese real estate and registered assets
Ireland	Capital Acquisitions Tax	Beneficiary, disponent or situs	Yes, if Irish nexus	High	Business relief, agricultural relief, insurance	Low/medium	Strongly beneficiary-based system
Belgium	Regional inheritance tax	Residence of deceased and region	Yes, if deceased resident	Medium/high	Movable gifts, holdings, foundations	Medium/low	Suspect periods and regional differences
Netherlands	Inheritance tax	Residence/deemed residence of deceased	Yes	Medium	STAK, holdings, foundations, gifts	Medium	Ten-year rule for emigrated Dutch citizens
Luxembourg	Succession duty / transfer tax	Domicile of deceased; situs for real estate	Yes, if deceased resident	Medium/low	SOPARFI, holdings, policies, foundations	Medium-high	Luxembourg real estate remains sensitive
Austria	No general inheritance tax	Situs real estate for transfer tax	No	Low	Private foundations, holdings	High	Real estate transfer taxes
Greece	Mixed inheritance tax	Situs, residence, citizenship	Possible	Medium	Gifts, holdings, real estate planning	Medium/low	Complex rules on foreign assets
Malta	Duty on real estate/shares	Situs	Generally no	Low/medium	Trusts, foundations, holdings	High	Not neutral for Maltese real estate and companies
Cyprus	No general inheritance tax	None for general succession purposes	No	Low	Trusts, holdings, international structures	High	Check compliance and substance
Denmark	Estate duty	Danish domicile/probate; situs	Possible	Medium/high	Gifts, insurance, probate planning	Medium/low	Probate can extend the tax perimeter
Sweden	No inheritance/gift tax	None	No	Low	Holdings, family governance	High	Consider later income and capital gains
Norway	No inheritance tax	None	No	Low	Holdings, insurance, capital-gain planning	High	Continuity of tax values
Finland	Mixed inheritance tax	Residence of heir, deceased, situs real estate	Yes	Medium	Gifts, insurance, holdings	Medium/low	Resident heir taxable on foreign inheritances
Poland	Inheritance/donation tax	Beneficiary, citizenship/habitual presence	Yes, if beneficiary qualified	Medium	Formalised gifts, beneficiary planning	Medium	Polish citizenship of the heir
Czech Republic	No autonomous inheritance tax	None	No	Low	Holdings, planning for future realisations	High	Taxation on later disposal
Hungary	Inheritance duty	Situs	Limited	Medium/low	Real estate planning	Medium-high	Hungarian real estate, vehicles and rights
Romania	No general inheritance tax	Real estate procedure	No	Low	Notarial planning	High	Risk from procedural delay
Bulgaria	Municipal inheritance tax	Citizenship of deceased; situs for foreigners	Yes, for Bulgarian citizens	Medium/low	Real estate and family planning	Medium-high	Competent municipality and citizenship

Non-EU, common law and global wealth jurisdictions

Jurisdiction	Model	Main link	Foreign assets	Burden	Planning tools	Favourability	Operational alert
Switzerland	Cantonal taxes	Domicile/canton; situs for real estate	Variable	Variable	Foundations, holdings, insurance, foreign trusts	High/variable	Strong cantonal variability

Jurisdiction	Model	Main link	Foreign assets	Burden	Planning tools	Favourability	Operational alert
United Kingdom	Inheritance Tax	Domicile/deemed domicile; UK situs	Yes, for domiciled/deemed domiciled	High	Trusts, excluded property, life insurance, FIC	Medium/low	Domicile and recent reforms
United States	Federal/state estate and gift tax	Citizenship, domicile, US situs	Yes, for citizens/domiciliaries	High, with high exemption	Dynasty trusts, ILIT, LLC, estate freeze	Medium/low	US citizenship and US situs assets
Canada	No estate tax; deemed disposition	Residence and capital gains	Yes, through deemed disposition	Medium	Estate freeze, trusts, holdings, insurance	Medium	No estate tax, but CGT at death
Australia	No estate tax; CGT	Residence, taxable Australian property	Possible	Medium	Trusts, superannuation, holdings	Medium-high	Superannuation and post-mortem CGT
New Zealand	No general inheritance tax	Residence, trust rules, situs	Variable	Low/medium	Trusts, holdings, insurance	Medium-high	Trust taxation and foreign beneficiaries
Singapore	Estate duty abolished	No current estate duty	No	Low	Trusts, family offices, VCC, insurance	High	Substance, CRS/FATCA, countries of origin
Hong Kong	Estate duty abolished	No current estate duty	No	Low	Trusts, holdings, insurance	High	Banking risk and governance
United Arab Emirates	No general inheritance tax	Local assets, succession/probate	Generally no	Low	DIFC wills, ADGM structures, foundations	High	Coordinate Sharia, local assets and registries
Israel	No inheritance tax	None for general succession purposes	No	Low/medium	Trusts, holdings, insurance	Medium-high	Trust taxation and resident beneficiaries
South Africa	Estate duty and donations tax	Residence/domicile; situs SA assets	Yes, for residents	Medium/high	Trusts, companies, insurance	Medium/low	Estate duty and CGT at death

Latin America and Asia

Jurisdiction	Model	Main link	Foreign assets	Burden	Planning tools	Favourability	Operational alert
Argentina	No federal inheritance tax; possible provincial taxes	Province and situs	Variable	Variable	Holdings, real estate planning	Medium/variable	Buenos Aires and provincial taxes
Brazil	State ITCMD	Competent State, residence, situs	Variable	Medium	Patrimonial holdings, gifts, pension products	Medium/low	Reforms and foreign assets
Mexico	No specific inheritance tax	Income, situs, local formalities	Variable	Low/medium	Trusts, companies, real estate planning	Medium-high	Local taxes and notarial formalities
Japan	National inheritance/gift tax	Residence, jusho, nationality/status	Yes, in many cases	High	Gifts, insurance, residence planning	Low	Among the most burdensome systems
South Korea	High inheritance/gift tax	Residence and situs	Yes	High	Gifts, holdings, insurance	Low	High impact on entrepreneurial estates
India	No inheritance tax	No inheritance tax; gift rules	Generally no succession tax	Low/medium	Holdings, trusts, family arrangements	Medium-high	Non-family gifts may be taxed as income
China	No current general inheritance tax	Not generally applicable	No	Low/medium	Offshore holdings, insurance, governance	Medium-high	Regulatory uncertainty and capital controls

4. Strategic classification of jurisdictions

Strategic category	Typical jurisdictions	Features	Recommended use	Main risks
High inheritance-tax jurisdictions	France, Germany, Belgium, Spain, United Kingdom, United States, South Africa, Japan, South Korea	Progressive rates, differentiated allowances, broad personal connecting factors	Early planning, gifts, trusts/foundations, insurance	Double taxation, deemed domicile, citizenship, situs assets
Moderate or selective taxation	Italy, Netherlands, Switzerland, Ireland, Luxembourg, Canada, Australia, Finland, Poland	Limited taxes or taxation through capital gains, stamp duties or targeted subjective criteria	Patrimonial holdings, family arrangements, insurance planning, residence planning	Resident beneficiaries, anti-abuse rules, foreign assets
Fiscally favourable jurisdictions	Singapore, Hong Kong, UAE, Malta, Cyprus, Austria, Sweden, Norway, Czech Republic, New Zealand	No or limited direct inheritance taxation	Family offices, trusts, foundations, holdings, life policies	Substance, reporting, CRS/FATCA, taxation in the country of origin
Territorial or situs-based systems	Portugal, Malta, Hungary, Bulgaria for foreign deceased persons	Relevance of real estate, local shareholdings and registered assets	Asset-by-asset planning	Overlooking real estate or local shareholdings
High technical complexity	United States, United Kingdom, Canada, Australia, Switzerland, France, Ireland	Risk linked to domicile, citizenship, deemed disposal, trust taxation and multiple connecting factors	Integrated wealth planning and periodic review	Misqualification, double taxation, unmapped assets
Asset protection and family governance	Switzerland, Singapore, UAE, Luxembourg, Malta, Cyprus, Hong Kong, Liechtenstein if included	Strong fiduciary, banking and patrimonial infrastructure	Dynastic structures, foundations, trusts, holdings	Beneficial ownership, transparency, substance, reputational risk

5. Trusts, foundations, holdings and life insurance in international succession planning

5.1 Trusts

A trust may be an effective instrument for governance, protection and patrimonial continuity. Its fiscal effectiveness, however, depends on its qualification in each jurisdiction involved.

A trust must be analysed by reference to the settlor, trustee, protector, beneficiaries, place of effective administration, assets held, tax residence of beneficiaries, powers reserved by the settlor, distribution regime, beneficial ownership, CRS/FATCA and anti-abuse rules.

A trust should not be used as a fiscal screen, but as an instrument of effective governance.

5.2 Foundations and foundation structures

Private and family foundations may be particularly effective in dynastic estates. They make it possible to separate the assets from the founder's personal sphere, establish destination rules and regulate beneficiaries, governance and the succession of the family business.

A foundation also requires substance: effective seat, administrative bodies, founder's powers, beneficiaries, charter and by-laws must be consistent with the declared function. A fiscally ineffective foundation does not protect assets; it exposes them to requalification.

5.3 Patrimonial holdings

The holding company is one of the most common instruments in international succession planning. It may simplify the generational transfer, concentrate governance and reduce asset fragmentation.

The holding company does not remove succession risk: it transforms it. The transfer no longer concerns the individual assets, but the shares. However, many jurisdictions apply look-through rules, real-estate-rich company rules, CFC rules, beneficial-ownership tests or indirect taxes on the transfer of shares in real estate companies.

5.4 Life insurance policies

Life insurance policies are central instruments in international wealth planning, but their treatment varies significantly from country to country.

A life insurance policy is effective only when its civil-law, tax and insurance qualification is coherent in all jurisdictions involved. Otherwise, it may be requalified as a financial product, a gratuitous transfer, an asset of the deceased or an interposed instrument.

6. The strategic role of wealth advisors

In cross-border estates, the advisor should not merely identify the jurisdiction with the lowest rate. The task is to coordinate the different dimensions of the generational transfer.

The ideal team includes a tax lawyer, an international tax advisor, a notary, a private banker, a family officer, a trustee, an insurance advisor, local tax counsel, a corporate service provider, a real estate advisor and a family governance advisor.

The advisor's function is to build and maintain a succession tax map. This map should identify the tax residence of the deceased and heirs, citizenship and domicile, location of assets, fiscal nature of assets, holding instruments, trusts, foundations, holdings and policies, succession treaties, foreign tax credits, indirect taxes, required liquidity, probate or local succession procedures and litigation risks.

The advisor's value lies in preventing mismatches. A structure that is tax-efficient in the settlor's country may be inefficient in the beneficiary's country. A holding company that is useful for control of the family business may be problematic if it holds real estate in States with look-through rules. A trust that is effective in common law may be fiscally opaque or interposed in civil-law jurisdictions.

7. Conclusions and operational recommendations

7.1 For international families and HNWI

Families with transnational estates should prepare an updated succession map including assets, residences, citizenships, legal instruments and potential taxes.

Planning should not be postponed to the pathological or terminal phase. In systems with look-back periods, deemed residence, ten-year aggregation or gift recapture, timing is part of the strategy.

7.2 For entrepreneurs and families with holding companies

The family holding company must be designed as a governance instrument, not as a mere tax box. It is necessary to verify effective seat, directors, economic substance, underlying assets, possible real estate predominance, transfer of shares, voting rights, shareholders' agreements, succession rules, indirect taxes and exit tax.

Continuity of the family business requires coordination between corporate law, succession law and international taxation.

7.3 For professionals and advisors

Advisors must work in multi-jurisdictional teams. International inheritance taxation cannot be solved with an isolated opinion.

It is necessary to distinguish at all times between inheritance tax, estate tax, gift tax, capital gains tax, deemed disposal, stamp duty, probate fees, transfer tax, property tax, trust taxation and reporting. Double-tax treaties on income do not automatically solve succession issues.

7.4 For the Italian territorial system

Italy, and in particular cities such as Turin, can play a growing role as hubs for wealth planning, residence planning and family governance. Italian inheritance taxation is competitive compared with many European systems, but the real advantage emerges only if it is integrated with international advice, real estate planning, holding companies, trusts, life insurance and family governance.

Attracting international wealth does not depend on low rates alone. It requires a professional ecosystem capable of managing transnational complexity with reliability, discretion and coordination.

8. LEGEX checklist for the succession tax map

1. In which State is the deceased tax resident?	11. Are look-back periods applicable?
2. Is there a relevant domicile distinct from residence?	12. Are succession treaties available?
3. Does citizenship have succession-tax effects?	13. Are unilateral foreign tax credits available?
4. Are heirs resident in beneficiary-based systems?	14. Does succession law match the expected taxation?
5. Are there assets in situs-based jurisdictions?	15. Is the will consistent with the asset structure?
6. Are shares real-estate-rich?	16. Is there liquidity for succession taxes?
7. Do holding companies have effective substance?	17. Do heirs know where assets are located?
8. Are there trusts, foundations or fiduciary structures?	18. Have CRS, FATCA and beneficial ownership been checked?
9. Are life policies insurance or financial products?	19. Is the structure updated for recent reforms?
10. Have previous gifts been made?	20. Has the tax map been shared with local advisors?

Closing

International succession planning is not a technique of mere fiscal efficiency. It is an instrument of patrimonial continuity, family responsibility and orderly governance of the generational transfer.

In complex estates, the risk is not only paying high taxes. The greater risk is allowing different, uncoordinated jurisdictions to decide ex post the fiscal and legal destiny of family wealth.

The LEGEX method proposes a different approach: not to start from the rate, but from the geography of the family, the assets and the governance instruments. Only integrated planning can reduce double taxation, disputes, inefficiencies and loss of control at the most delicate moment in the life of a patrimony: the generational transfer.

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Essential sources

For Italy, France, Germany and Spain, the updated PwC Worldwide Tax Summaries were used, with reference to Italian rates of 4%, 6% and 8%, the breadth of French connecting factors, German taxation where the testator/donor or heir/donee is resident, and the role of the Autonomous Communities in Spain.

For the United Kingdom and the United States, official sources were considered: GOV.UK for the structure, thresholds and ordinary rate of Inheritance Tax; the IRS for federal estate tax, gross estate and the 2026 filing threshold.

For Ireland and Finland, official sources of the national tax administrations were used: Revenue.ie for Capital Acquisitions Tax and Vero.fi for international inheritance-tax situations.

For Singapore and Hong Kong, official sources from IRAS and the Inland Revenue Department confirm, respectively, the removal of estate duty for deaths from 15 February 2008 and the abolition of estate duty with effect from 11 February 2006.

For Canada, Australia, South Africa and Israel, PwC Worldwide Tax Summaries were used and, for Canada, also CRA guidance on the final return: Canada has no inheritance, estate or gift tax but applies deemed disposition; Australia has no inheritance, estate or gift tax but has CGT and superannuation rules; South Africa applies estate duty at 20%/25%; Israel has no estate or inheritance taxation.

For Japan, Brazil, Argentina, Mexico, India and New Zealand, the relevant PwC Worldwide Tax Summaries were considered, with particular attention to the presence or absence of inheritance tax, state or provincial taxes and substitute or connected regimes.