Beyond Wealth Creation: Planning for Inheritance Across International Borders

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A family has spent generations building wealth, with property, business interests, and investments spread across multiple countries.

As the next generation takes over, each asset brings its own legal, tax and inheritance considerations. The family may have a clear vision of what they want to happen to their money, but putting it into action necessitates an understanding of the different inheritance laws, ownership structures, and tax rules that apply to each of the family's assets.

International succession planning is not simply about deciding who inherits the wealth. It is also about understanding which country's laws apply, how assets can be transferred, and what legal and tax consequences may arise during the transfer.

Inheritance does not follow one universal rule

Inheritance and estate tax rules differ significantly across jurisdictions. Some levy inheritance tax on beneficiaries, while others assess estate tax on the deceased person's estate before distributing the assets to beneficiaries. The tax treatment of inherited wealth is determined by a variety of circumstances, including the deceased's relationship with the recipient, the nature and value of the assets, and the legislation of the applicable jurisdiction.

Who has the right to inherit?

The extent to which an individual is allowed to dispose of his or her assets is an important factor in international succession planning. Some jurisdictions have forced heirship provisions, which require that a certain portion of an estate be handed to specific family members, such as a spouse, children or any other member. This creates challenges for individuals who wish to distribute their estates according to their personal wishes. For families with assets in multiple countries, the main challenge is whether their estate plan will be recognised by the laws that control those assets.

The legal ownership of assets can change the outcome

Even if two families have similar levels of wealth, the way they manage their assets can result in completely different succession scenarios. Property, corporate shares, and trust-held investments can all be transferred in a variety of ways. For example, transferring shares in a family-owned corporation may entail transferring voting rights, control, profit distributions, and duties. Having the right to receive an item does not automatically imply having the right to manage it.

Are trusts and foundations the right answer?

Trusts, foundations, and holding companies are commonly used for asset management, governance, and succession planning.

These structures can be beneficial, but they are not interchangeable and will not inherently eliminate any tax or inheritance responsibilities. Every structure is regulated by the laws of the applicable jurisdiction, the specifics of the structure, and the rights associated with the assets contained in it. The suitability of each structure depends on the family's objectives, asset locations, and applicable laws.

These structures do not automatically eliminate tax or inheritance obligations, making it essential to assess asset ownership, succession arrangements, beneficiary control, and distribution mechanisms

The tax cost of passing on wealth

Prior to transferring assets to beneficiaries, it is crucial to determine the tax consequences individually for each case. The EY Worldwide Estate and Inheritance Tax Guide 2026 offers an overview of the systems related to gift, estate, and inheritance taxes, along with wealth-transfer factors in 41 jurisdictions and territories globally. It emphasises the importance for families with international assets to understand the regulations governing each asset and beneficiary and provides jurisdiction-specific explanations and practical examples on how different legal and ownership structures operate. All existing exemptions and reliefs should be considered when evaluating the tax implications of any wealth transfer, and any relevant double taxation agreement must be reviewed based on the facts and the pertinent laws.

Make inheritance planning part of wealth planning

A family's succession strategy needs to be assessed as the family's wealth increases, the family's business interests evolve, and the beneficiaries' situations shift. Determine the lawful owner of each asset and examine the inheritance regulations relevant to each one. Examine the existing wills and beneficiary nominations, the ownership records, and the financial arrangements of the deceased’s family.

Before determining how your assets will be passed on to the next generation, you must first identify who has the legal right to inherit, the methods for transferring each asset, and the tax consequences of those transfers.