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I Inherited a $8M Woodside Home. Do I Need a CPA or a Tax Attorney?

By Janet Brewer

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Say you inherit the 5-bedroom family home in Woodside and it's worth roughly eight million dollars. You wonder if IRS and state of California are going to expect a piece of it. You need help to take care of filing the right forms and/or meeting tax obligations. Should you consult with a ***tax attorney*** *or a CPA?*

My answer: Yes! Consult with both. The reason is that we overlap, but have different primary jobs.

The lawyer can advise you on whether the inheritance is a "taxable event" from an income tax standpoint -- and, if so, whether there are ways to mitigate estate taxes.

The accountant can advise you on your finances, including how best to keep track of your money. And although some CPAs and financial planners call themselves “estate planners”, they cannot prepare wills & trusts & other legal documents. Legally, only a lawyer can prepare estate planning documents.

What an estate tax attorney is

- Every attorney must have a J.D. (Juris Doctor) degree and be admitted to the state bar in any state in which they practice law.

- An estate tax attorney specializes in representing clients who have complex, advanced, or technical estate planning, probate, and/or estate tax issues. Estate tax attorneys handle a variety of legal and estate tax matters including estate plan formulation; gift and estate tax return filings; business entity formation, structuring, and tax treatment; and asset protection.

- Many estate tax attorneys (NOT including me) also represent clients facing criminal investigation or prosecution for tax fraud or evasion tax or those who have a civil claim against the Internal Revenue Service.

Specializations within estate planning

A few estate planning attorneys also hold an advanced legal degree in tax law, known as an LL.M.

Some also have expertise in international estate planning. If you are a foreign national with substantial U.S. assets or an overseas U.S. citizen – especially one who is married to a foreign national - it's even more important to have a network of experts to call upon when you have an issue. Not all countries recognize trusts and other tools that work within the United States. And the U.S. estate and gift tax laws may be more onerous for you.

Achieving peace of mind while minimizing tax liability

By retaining an experienced attorney, you can get all your questions answered and gain peace of mind that your loved ones will not face a snarl of tax issues down the road. Smart estate planning doesn't take as much time as you might think, and typically pays for itself by lowering your exposure to tax liability.

I hold a J.D., LLM-Tax, and have experience in international estate planning - a rare combination that can help you achieve peace of mind while minimizing tax liability.