



# Family Law

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## Q

My neighbour says that when you inherit your parents' home upon their death, you should put your name on the deed, and their savings accounts should have your signature on them, to avoid estate taxes. Is this true? I thought there weren't estate taxes in Canada when it comes to inheritance.

## A

Strictly speaking, there are no inheritance taxes in Ontario, but there are 'estate taxes.' There are two kinds: Estate Administration Tax, which is \$15 per \$1000 of estate value, for estates in excess of \$50,000, and estate Income Taxes, such as taxes on capital gains, or taxes on assets considered to be income upon death, such as RRSPs and RRIFFs.

Before you die, you can implement certain strategies such as designating beneficiaries on RRSPs and RRIFFs, joint ownership of real property such as residences, cottages and farms, joint signatures on bank accounts, setting up a trust, and giving the property away early. These strategies are not without risks: fights among siblings not listed on the property and contested wills, the potential for elder abuse, and insufficient funds left in the estate to pay out estate liabilities and the beneficiaries,

are among them, as well as exposure to tax liabilities.

If both of your parents have passed, you deal with the estate as is and your options are more limited. If you are the executor, you can be held personally liable for the estate administration, which includes the taxes the estate owes as well as funds payable to the beneficiaries, so it is prudent to be careful.

Either way, I strongly recommend that you discuss your individual case with a financial planner/ tax advisor first, to determine your best course of action.

Your friends at Shank Law.



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